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Weekend FT

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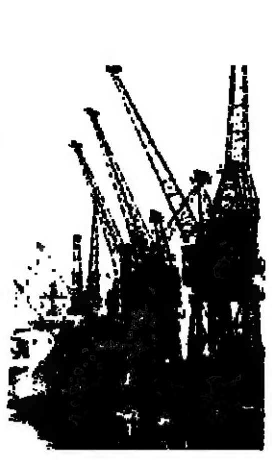

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND NOVEMBER 7/NOVEMBER 8 1992

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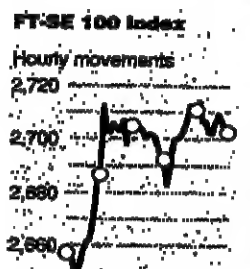
Business failures highest since recession began

Business failures in England and Wales have reached their highest level since the recession started more than two years ago, with companies collapsing at the rate of 76 a day. Figures from the British Chambers of Commerce show that 7,014 companies were declared insolvent in the third quarter of this year, an increase of 20 per cent on the same period last year. Page 26

Calls for Bank governor to go: Renewed demands for the resignation of Bank of England governor Robin Leigh-Pemberton, for failing to act early enough against the collapsed Bank of Credit and Commerce International, were made during a five-hour debate in the Commons. Page 9

Brundtland quits party leadership: Norwegian prime minister Gro Harlem Brundtland said she would stand down as leader of the Labour party after almost 12 years for personal reasons. She said she would remain prime minister. Her son, Joergen, committed suicide a month ago.

London stock market holds high ground



The UK stock market held on to most of the high ground recaptured this week. The broad range of the market focused on the government's Autumn Statement, due next Thursday, with some traders suggesting a base rate cut was imminent. London stock exchange, Page 17; World Stocks, Page 23; Lex, Page 26; Markets, Weekend II

Unilever disappoints: Shares in Anglo-Dutch food and consumer products group Unilever fell 28p to £10.80, despite a 9 per cent rise in third-quarter pre-tax profits to £571m, because of disappointment over the company's performance in North America. Page 12; Lex, Page 26

Equal rights plea rejected: The appeal court ruled that part-time workers, most of whom are women, are not entitled to the same rights to redundancy and unfair dismissal compensation as full-timers. Page 8

Princess strikes back: The Princess of Wales, in a statement issued on her behalf by Buckingham Palace, condemned "untrue and hurtful" newspaper allegations of friction between her and the Queen and the Duke of Edinburgh.

Bid to remove directors: Rebel shareholders in Hoskins Brewery, Leicester-based real ale brewer, stepped up their campaign to remove chairman Barrie Hoar and his brother Robert from the board. No dividends have been paid since the company joined the USM in 1989 and net assets had fallen from £4.1m to £3.18m. Page 12

Air France faces loss: French state airline Air France said it faced a FFr3bn (£350m) net loss this year, more than four times the FFr685m deficit it suffered in 1991, because of the deepening recession in the air transport industry. Page 14

Television jobs to go: Yorkshire-Tyne Tees Television announced the loss of 292 jobs – nearly a quarter of the combined workforce of the two north-east England television companies which merged earlier this year. The company said the move was to eliminate duplication. Page 5

Scottish Enterprise faces cuts: The Scottish Enterprise network of economic development bodies in southern Scotland is facing substantial staff cuts because of an expected cut in its budget. Page 26

Woolworth considers sale: US retailer Woolworth is considering selling much of its German operations, comprising more than 500 stores with annual turnover of more than $1.6bn (£1bn). Page 14

Brazil's counter-inflation package: Brazil unveiled a fiscal reform package to raise $15bn (£9.6bn) through new taxes as part of its battle against inflation, now running at more than 1,000 per cent a year. Page 4

Computer prices to rise: Prices of personal computers in the UK are expected to rise because of the devaluation of sterling following Britain's exit from the European exchange rate mechanism. Page 26

■ STOCK MARKET INDICES

FT-SE 100:	2,782.7	(-8.4)
Yield	4.46	
FT-SE Eurotrack 100	1,038.28	(-0.65)
FT-A All-Share	1,279.86	(-0.2%)
Nikkei	16,869.81	(-161.78)
New York lunchtime		
Dow Jones Ind Ave	3,240.86	(-3.78)
S&P Composite	417.59	(-0.75)

■ US LUNCHTIME RATES

Federal Funds:	2⅞%
3-mo Treas Bills: Yld	3.196%
Long Bond	94$\frac{13}{32}$
Yield	7.726%

■ LONDON MONEY

3-mo Interbank	7$\frac{3}{16}$%	(same)
Liffe long gilt future:	Dec 101$\frac{13}{32}$	(Dec 101$\frac{7}{16}$)

■ NORTH SEA OIL (Argus)

Brent 15-day	$19.225	(19.3)

■ Gold

New York Comex	$335.7	(336.2)
London	$334.05	(339.0)

■ STERLING

New York lunchtime:		
$	1.539	
London:		
$	1.537	(1.538)
DM	2.45	(2.4275)
FFr	8.285	(8.2125)
SFr	2.2	(2.1775)
Y	189.8	(188.75)
£ Index	78.9	(78.4)

■ DOLLAR

New York lunchtime:		
DM	1.593	
FFr	5.3955	
SFr	1.433	
Y	123.2	
London:		
DM	1.594	(1.5785)
FFr	5.39	(5.34)
SFr	1.4315	(1.4155)
Y	123.65	(122.65)
$ Index	64.7	(64.5)
Tokyo close Y 122.95		

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Resign? ... the Commission president? ... "Why, I am in good health?": Jacques Delors fends off reporters' questions as he arrives outside Number 10 for talks with John Major

Ashley Ashwood

Prime minister and Delors urge farm negotiators to settle dispute

EC seeks to avert trade war

By David Dodwell, World Trade Editor

MR JOHN MAJOR, Britain's prime minister, and Mr Jacques Delors, European Commission president, joined forces yesterday in an effort to avert a damaging global trade war.

After an emergency meeting at Downing Street in London, they called for US and EC farm trade negotiators to "re-engage without delay" to settle a long-standing oilseeds dispute.

Negotiations to settle the dispute – which is at the heart of a wider US-EC row over Europe's farm subsidy regime – have for two years blocked progress towards a comprehensive world trade reform package that could stimulate an additional $200bn (£129bn) a year in international trade.

Talks collapsed in Chicago on Tuesday as farm ministers from both countries sought a last-ditch settlement ahead of President Bush's election defeat. The US swiftly announced that it would slap 200 per cent tariffs on European white wine exports and other farm products worth $300m if the dispute were not settled in 30 days.

These sanctions are seen as an opening salvo in what could escalate into a tit-for-tat trade war. A second "hit-list", including industrial items like tyres, paper, ceramics and furniture, has been drawn up.

In a further effort to defuse tension, EC trade ministers meeting in Brocket Hall, north-east of London, are understood to have agreed not to respond to US sanctions with any counter-retaliation list of US farm exports.

Senior UK officials also said they did not expect the EC Council of Ministers, which is due to meet on Monday, to take any decision on counter-retaliation.

Mr Major held a 20-minute telephone conversation with Chancellor Helmut Kohl of Germany in which both agreed on the urgent need to complete a Gatt deal. German reluctance to put pressure on France, where opposition to a deal is greatest, is thought to have contributed to the present crisis.

Mr Douglas Hurd, the UK foreign secretary, has also been in close touch with his EC opposite numbers in what is clearly a drive by the UK presidency to maximise support for an accord and raise the pressure on Mr Delors and the French government.

Mr Delors' talks with Mr Major were seen as a significant effort to calm a storm stirred on Thursday by the angry withdrawal of Mr Ray MacSharry, EC farm commissioner, from negotiations. In a letter to Mr Delors on his return from the Chicago negotiations, Mr MacSharry accused the EC president of trying to undermine his negotiating efforts, and of "betrayal of trust".

EC officials tried yesterday to make light of Mr MacSharry's withdrawal, insisting that negotiations could continue without him. It was suggested that Mr Frans Andriessen, the external affairs commissioner responsible for the wider Uruguay Round trade negotiations, would take over Mr MacSharry's role. Some officials also say that compromise on farm trade will only be possible when negotiators with a wider brief take over.

Challenged about his clash with Mr Delors, Mr MacSharry yesterday insisted that "there are always differences in any negotiating team."

"As far as I'm concerned my only interest in this is that we do get a Gatt agreement . . . everybody must make every effort day and night to bring it about.

"I think the deal can be signed up in five minutes," the former Irish government minister said: "I wasn't, then or now, prepared to go any further than we were in Chicago . . . it is now a matter for the United States to accept what is in my view a reasonable deal," he added.

Contradicting Mr MacSharry's claim, Mr Ed Madigan, US farm secretary, said a "substantial gap still remains between where we are and where we must be" if settlement is to be reached.

As EC-wide efforts were under way to get talks back on course, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), called an emergency meeting next Tuesday of the 108-country Trade Negotiations Committee that supervises the Uruguay Round.

A Gatt statement said countries wanted to discuss "the very grave situation that has arisen in the round, and to consider what action can be taken to alleviate it".

Page 2

■ Trade war threat upsets UK business

■ Japanese fear they may be next on hit list

Page 10

■ Trade war: what it means to you

■ Lex ....Page 26

Scent of blood on campus

By Robert Mauthner and Tim Coone in Dublin

SHOULD he ever seek the French presidency, as is rumoured he might, Mr Jacques Delors, beleaguered president of the European Commission, was given a dry run in presidential treatment yesterday.

Mobbed by television cameramen and crowds of students alternately jeering and cheering, the hapless Mr Delors was almost physically carried into the London School of Economics where he delivered the first Jean Monnet lecture.

Security services were a little sparse and Mr Delors must have wished for the muscular presence of truncheon-wielding French CRS policemen to knock a few heads together and clear his path. In the event, he was dumped breathless, but still remarkably composed and good-humoured, on the podium.

It was not, of course, Mr Delors' learned exposé of the history of monetary co-operation that the scribes and picture-takers had turned up to hear. They had smelled blood.

Mr Delors' visit to the LSE followed the reported allegation by Mr Ray MacSharry, the EC's chief trade negotiator, that his boss had sabotaged an agreement with the US to protect the interests of French farmers and, by implication, his own ambitions for the French presidency.

Appetites were whetted even before the famous man's arrival by whispered information from a harassed academic. The Foreign Office, he indicated, had just telephoned to speak to Mr Delors. At the moment Mr Delors was about leave for lunch with the LSE's director, it was divulged that Mr John Major had summoned "monsieur le président" to Downing Street.

The dry academic atmosphere positively crackled with electricity. The LSE's political scientists are not often given such a taste of *realpolitik*.

On the substance of the row over Gatt, Mr Delors' tormenters went away unsatisfied. Lost in a forest of microphones and pushing journalists, he was heard to protest that he never interfered in the negotiations conducted by Mr MacSharry.

"I give my advice, but afterwards, if the majority of the Commission do not share my advice, I express my full solidarity with the commissioner in charge of negotiating."

Would he resign? Mr Delors looked bewildered. " Why? I am in good health," he answered.

In Dublin a tired-looking Mr MacSharry arrived on his way for a quiet weekend at home in the west of Ireland.

Unfortunately his arrival happened to be the opening day of a general election campaign. "As far as I am concerned the [Gatt] deal could be signed up in five minutes," he said, tactfully avoiding any direct reference to Mr Delors. The entire dispute "is above personalities," he said.

UK local authorities face tight limit on pay rises

By Philip Stephens, Political Editor

LOCAL AUTHORITIES in the UK will be told next week that they must contain the increase in their pay bills to just over 1 per cent if they are to make room for any real increases in services.

As ministers confirmed that local authorities were one of the principal targets of the spending squeeze in the Autumn Statement, the signs were that the increase in council budgets will be limited to about 3 per cent.

Mr Michael Howard, UK environment secretary, will seek to enforce the clampdown with a "capping" regime for council budgets. But there was acknowledgement in Whitehall that in the south of England it will mean a sharp increase in bills when the community charge is replaced by the council tax in April.

Officials said a transitional relief scheme will provide a partial cushion for households in southern England, but those with properties in the top bands for the new tax would be expected to absorb increases of up to £300 a year before receiving rebates.

Across the country as a whole the typical household bill is likely to be more than £600 against the £560 total this year for two community charge bills.

Ministers are aware that the tax could prompt serious rebellion by Tory backbench MPs, but will argue that the cabinet's decision to hold the level of grants for local authorities was essential to protect capital programmes.

Subject to a final deal with the administrator of Canary Wharf, Mr John MacGregor, the transport secretary, has won approval for the Jubilee Line extension to Canary Wharf. Mr Norman Lamont, the chancellor, will present the scheme as a model for co-operation on other public-private sector projects.

Mr MacGregor had to accept reductions in London Regional Transport's other investment programmes and cuts in his department's roads programme.

Mr Howard will also indicate that the squeeze on the standard spending assessment, which provides the basis of central government finance for local authorities, will be offset in part by a relaxation of the rules limiting their use of capital receipts.

Ministers said that although the restrictions on accumulated capital receipts would remain, councils would be permitted to spend a higher proportion of future receipts.

Spending figure revised, Page 5
Scottish job cuts, Page 26

Dismay at Major's decision to delay Maastricht

By Our Foreign and Parliamentary Staff

BRITAIN'S EC partners reacted with growing alarm and dismay yesterday to Mr John Major's decision to delay ratification of the Maastricht treaty.

Throughout European capitals, senior officials expressed fear that the British postponement injected fresh uncertainty into the future of Maastricht, increasing the risk of sowing popular doubts about the treaty.

However, in London, the government added further confusion to the UK's timetable by refusing to rule out ratification before a second Danish referendum.

In Brussels, a senior EC official warned that the Community was close to disarray as a result of the breakdown of the Gatt world trade talks, the British delay on Maastricht and divisions between member states on how to resolve Danish requests for exemptions from the treaty.

Morale in the European Commission sank further yesterday when Mr Ray MacSharry resigned as one of the EC's two GATT negotiators on the grounds that he was being undermined by Mr Jacques Delors, European Commission president.

Mr Major said on Thursday that the crucial third reading debate in the Commons was likely to come in May after a Danish plebiscite had been held.

However, questioned closely about whether Britian would conclude work on its Maastricht bill if Denmark postponed its referendum until later in the year, the official yesterday muddied the waters by saying the inquiry was hypothetical.

He replied that it was expected that Denmark would hold its plebiscite in May and that the UK intended to complete the process in the current parliamentary session which ends in a year.

His words suggested that Mr Major is anxious to mollify his continental critics while not provoking a fresh uproar from opponents of the treaty within the Conservative party.

Most interpretations of the prime minister's remarks to the Commons on Thursday were that

Continued on Page 26

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.60; Italy L2600; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 45; Poland Zl 22,000; Portugal Esc190; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Syria SyP60.00; Taiwan NT$65; Thailand Bht80; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

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Lionel Barber sums up an awful year for the European Commission president

Gloomy Delors sees his star falling

MR JACQUES DELORS has long been riding for a fall.

Imperious, intelligent, and unusually sensitive to criticism, Mr Delors has made plenty of enemies during his near eight-year stint as president of the European Commission. Toward the end of the 1980s, when his influence reached its peak, Mr Delors could see off most challengers – even Mrs Thatcher.

But 1992 has been an awful year for Jacques Delors, a succession of political crises within the European Community which culminated this week in an squalid public row with one of his own Commissioners over the breakdown of the Gatt world trade talks.

Mr Ray MacSharry, the Irish agriculture commissioner, has long been gunning for Mr Delors. A blunt-spoken man with a healthy dose of personal political ambition, Mr MacSharry is a skilled negotiator who was convinced that he could reach a deal with the US on reducing farm subsidies – the single biggest obstacle to a Gatt agreement.

Such a deal would have capped Mr MacSharry's four-year term as agriculture commissioner, surpassing his own considerable achievement last May in securing agreement between the EC member states to reform the Common Agricultural Policy (CAP).

CAP reform, which will substantially reduce future EC farm production, was in Mr MacSharry's mind the only basis on which there could be a deal with the Americans.

The reason for this week's explosion is thus easily grasped: Mr MacSharry believes Mr Delors – by allegedly interfering in the negotiations – is not only acting as a surrogate for his native France, but is also questioning the very CAP reform which he supported earlier this year.

Mr Delors declared himself "outraged" by the charges of sabotage in London yesterday. Privately, he has told close colleagues that he definitely supports CAP reform and that he has never had any intention of undermining Mr MacSharry in his role as one of the EC's top two Gatt negotiators.

At the same time, however, he is understood to be adamant that the outgoing Bush administration has not made sufficient concessions on farm exports, and that he would abstain in a future vote in the European Commission on a Gatt deal on the present terms.

He may not have instructed Mr MacSharry to this effect, but he will doubtless have made his feelings known.

Charges that Mr Delors is a French surrogate are overblown. He cites, for example, his decision last year to abstain rather than support the Franco-Italian bid for DeHavilland, the Canadian aircraft maker, which was blocked by the full Commission. However, critics say this was an easy choice: his vote was never going to be crucial because there was already a blocking majority in place.

There is little doubt that Mr Delors is on some issues reflexively anti-American. When he talks about the need for "adolescent Europe" to be able to say No to Big Brother",(America), he sounds as if he has just finished reading Jean-Jacques Servan-Schreiber's *Le Défi Americain* – but as one Brussels wit put it yesterday: "It is not the American challenge we should worry about, it's the Japanese."

The recent troubles within the Community, which began last June when the Danes rejected the Maastricht Treaty on European Union, have undoubtedly led to an eclipse in the power and influence of Mr Delors. Once known as "Mr Europe" because of his personal role in prompting the creation of a single European market and the joint effort to forge a single European currency, he has been eclipsed as national leaders in Europe have gone their own separate ways.

Equally, his star has fallen as doubts have grown about the prospects for European monetary union for the Twelve. "He must be asking himself: 'Was it all a great mistake?'" says one Brussels diplomat.

The drift within the EC has led to a period of intense frustration. Mr Delors feels marginalised. He would like to force leaders to discuss the really important issues such as the need for a pan-European economic growth package, further financial support for the poorer states to entice them to stick to the path of fiscal rectitude – the so-called Delors II package.

Mr Delors has also reverted to his old habit of "shooting from the lip". Last week, he issued a blunt warning to Denmark that it could not expect legally binding exemptions from the Maastricht treaty. This week, he took the unusual step on Dutch radio of naming Mr Mr Ruud Lubbers, the Dutch prime minister, as his preferred successor – even though his own term does not expire until 1994. Such talk has provoked rumours that Mr Delors may be about to quit.

Close aides say that Mr Delors feels bruised, but he is not about to leave his post. Others who have spoken to the Commission president in the past few days describe him as "right up against the wall, his own wall". By this they mean his own sense of frustration at being turned, unfairly, into a scapegoat for all the Community's ills.


Delors: "outraged" by charges of sabotaging trade talks


MacSharry: healthy dose of personal political ambition

. . . but there's always France

By David Buchan in Paris

THE more he feels buffeted around on the European stage, the more Mr Jacques Delors must feel comforted by his continued high standing in the French opinion polls. This took a slight dip during the referendum campaign, but two polls in the past week, for instance, put him back in first place over all other possible contenders for the French presidency, from he left and right.

Mr Delors, of course, gains what he himself refers to as a *prime d'éloignement* – he looks better for being outside the immediate snakepit of French politics. If he were to enter the fray by making a run at the Elysée Palace in 1995, or earlier if President François Mitterrand's health fails, then his poll standing would surely drop in a country where some regard him as a "Belgian" for his years in Brussels.

But there are certain factors working for him. Mr Mitterrand may never have thanked Mr Delors for being so obviously and publicly right as finance minister in moving France towards economic austerity in 1983. But the president is even less keen on Mr Michel Rocard, the man whom Socialist party leaders want to succeed him. Indeed, Mr Delors's great strength is that he draws almost as much backing from the centre-right as from the left.

This is largely because he combines Socialist credentials with a Catholic concern for the unity of society in one of the few European countries not to have a sizeable Christian Democrat party at its centre. This is particularly relevant in the current row over European, and especially French, agriculture. He has repeatedly railed against Anglo-Saxon "ultra-liberalism" of the kind that he claims would lead to the "desertification" of the French countryside, as happened to the countryside of Britain in the 19th century and of America in the 1930s.

Such a philosophic stance, of course, would do him no harm at all, if he came to try to put together a presidential bid. Whether he has the organisational base to do so is another matter. Certainly, he is keeping his hand in. This September he set up a discussion club with the neutral name of Témoins (Witnesses) which gathered a number of younger Socialist leaders and even ministers to debate their party's "renewal".

US move unsettles German coalition

By Judy Dempsey in Bonn

WASHINGTON'S decision to impose selected trade sanctions on the European Community yesterday sharpened the divisions in Germany's ruling coalition.

Mr Jürgen Möllemann, economics minister, who has been critical of France's obstruction to a trade agreement with the US, said Germany would still try to push through the final offer made by Washington last Thursday.

"We must come together now. We are in the situation that unless there are new impulses for the economy, we will enter a global recession," he told German radio. Mr Claus Hommer, the minister's spokesman, said Mr Möllemann would not rule out a majority decision in the EC's council of ministers, even if that means excluding France's participation.

However, a senior agricultural official in Bonn said it was unfair to single out France as the sole culprit for the breakdown of the trade talks.

In a reflection of the clear split between the industrial and the agricultural lobby on the one hand, and Chancellor Helmut Kohl's support for French President François Mitterrand on the other, the official said any agreement forged between the US and the EC at Chicago would have been impossible to implement.

He said the US had in fact taken a "step backwards" in the sense that it had insisted on placing a maximum tonnage on the amount of oil seeds French farmers could produce, while the Community's reforms were based on setting aside acreage.

Mr Kohl's office issued a statement expressing regret for Washington's decision, adding that it would make the negotiations more difficult.

But the chancellor's critics, most notably Mr Otto Lambsdorff, leader of the liberal Free Democrats and a former economics minister, said Mr Kohl had failed to use his influence to urge the French government to accept the terms negotiated by the US.

Mr Möllemann's criticism of France, and his call for pressing ahead with an agreement, received backing from the Federation of German Industries (BDI), the country's influential industrial lobby.

"The interests of the Commission should not represent any one country, but that it should represent the economic interests of all its member states," said Mr Bernhard Welschke, a senior official in the BDI's foreign trade policy department, in a veiled attack on France.

Japanese fear they may be next on hit list

By Robert Thomson in Tokyo

FEARS that Japan will be the next to feel US trade wrath have inspired the agriculture ministry to request that the Ministry of International Trade and Industry (Miti) tone down a statement supporting the US action against the EC.

Miti has "sympathy" for frustrated US trade negotiators on the troublesome issue of oil seeds, while the agriculture ministry worries that Washington will use similarly tough tactics to force Japan to open its rice market to imports.

But officials at both ministries share a concern that the ruling Liberal Democratic party (LDP) will be unable to react coherently to the trade issue, as the party is stricken by a brawl within its largest faction and by a fresh batch of allegations about its leaders' dealings with gangsters.

Mr Kiichi Miyazawa, the prime minister, had a telephone conversation yesterday with US President-elect Bill Clinton, and later told the Japanese parliament that he hoped his administration will be no more protectionist than the Bush administration.

Mr Miyazawa and the Japanese government have tried to take a low profile during the dispute between the US and EC, as no Japanese politician wants to be remembered for presiding over the opening of the country's rice market.

The reluctance to get involved in the agriculture debate has frustrated officials at Miti, which would like Japan to make an early offer on rice, but the delaying of rice negotiations has delighted the agriculture ministry, which is responsible for protecting the interests of politically influential farmers' groups.

Officials at the two ministries said yesterday that a full-fledged trade war would serve nobody's interests, though the agriculture ministry senses that it will be under extreme pressure if the US and EC resolve their differences, and attention turns to Japan.

"We are very neutral. We are not on the EC side or the US side, but we are concerned by the tactics used by the US and we are worried they will try the same thing against us. You can really see the powerful influence of US farmers' groups," a senior official at the ministry said.

Miti officials generally support the US action, though a public statement from the ministry was altered after the Agriculture Ministry telephoned to express its concern. Instead of open support for Washington, Miti said Japan "can understand and see the point of the US position".

Privately, Miti officials are confident the EC-US dispute will be fairly quickly resolved and it will not deteriorate into a total trade war.

"You could be either pessimistic or optimistic, but I am optimistic. I think there is now more pressure on the EC to make a concession and something may happen fairly quickly," a Miti negotiator said.

Another senior official said the Japanese government was confused by the influence of French domestic political issues on the agriculture trade debate.

Washington prepares its second volley

By Nancy Dunne in Washington

FAILURE by the EC to signal soon its serious intent to reduce oil seeds production may bring on a second wave of punitive US tariffs on both farm and industrial products worth up to $700m (£451.6m).

Mr Steve Yoder, chairman of the American Soyabean Association, which made the complaint at the heart of the trade action, said the administration had decided to disrupt world trade as little as possible but "to slowly send the message that we are serious about the EC reforming its oilseeds policy".

In announcing the $300m in 200 per cent tariffs on Thursday, Mrs Carla Hills, the US trade representative, also released a list of industrial products which could be targeted for the second phase in the trade confrontation. The US claims damages of at least $1bn for lost oil seeds sales. If the next tranche of punitive tariffs goes forward, the additional sanctions will be placed on a $2bn list of farm products, released last June, and a new $1.7bn list of EC industrial products.

The new "hit list" includes tyres, perfumes and toilet waters, paper and paperboard, ceramics, glassware, tubes and pipes, records and tapes, and furniture.

"This government doesn't want trade war," said Ms Carol Brookins, a Washington agriculture consultant. "But if there is counter-retaliation by the EC, we could jump quickly into raising the stakes."

The administration has scheduled a 30-day period of comment by potentially affected industries on the new list of industrial goods.

Public hearings are scheduled for December 7. However, the whole public comment period could be waived if the EC announced counter-retaliation, according to Ms Brookins. In that case, the sanctions would be applied forthwith.

Mr John McInespie, a trade analyst with a Washington law firm, said higher tariffs on tyres could badly hurt German companies as well as the Goodyear plant in Luxembourg. New tariffs on ceramics would hit hard Italy as well as France and potteries in England.

"The Americans were quite clever in this," Mr McInespie said. "There are American alternatives for every one of these [proposed targets]. The American consumer won't be even remotely inconvenienced."

Wine importers see risk of going into the red

By Alan Friedman in New York and Louise Kehoe in San Francisco

AMERICA'S wine importers were in a state of shock yesterday after the US's announcement on Thursday night of a 200 per cent tariff on European white wine imports. The measure, if enacted, would *treble* the price of an average bottle of French white wine, from $9 to $27 (£17.40).

Although California wineries stand to gain, in the short term, from the effective exclusion of European white wines from the US market, they too are hoping for a swift resolution of the trade dispute.

"This is not a positive development for the American wine industry," said the Wine Institute in San Francisco, a trade group representing California wine producers.

The US wine-makers fear retaliation from Europe, which is their principal export market. Last year, $49m-worth of American wines were sold in the EC, most from California.

Left: checking white wines at a vineyard near Macon. France is seen as intransigent.

The European white wines covered by the proposed import tariffs represent about 7 per cent of the total US table wine market, according to the Wine Institute.

If the tariffs are imposed, US wineries might increase their domestic sales, but this could be balanced by a loss of sales in Europe if the EC retaliates, the industry group fears.

But an aide to Mrs Carla Hills, the US trade representative, yesterday held out the prospect that the wine tariff – 90 per cent of the $300m punitive package unveiled by the US – could yet be lifted before it takes effect on December 5.

The decision to target white wines was aimed mainly at France, which has average annual exports of $125m to the US. The French are viewed by Washington as the most intransigent in the current round of trade talks.

But the US tariffs would have a devastating impact on Italian white wine sales, which last year were $115m, and to a lesser extent on German sales.

The decision to hit European white wine exports rather than red wines or champagnes was made because Washington is trying to maximise the persuasiveness of the tariffs on the EC while minimising the impact on US interests.

In other words, US white wine is a more palatable alternative to European whites than is US red wine. US champagne production is also minimal compared to that of France.

The anguish of wine *aficionados* was evident yesterday. In New York, Dr Lucio Caputo, president of the Italian Wine & Food Institute, said he was "very scared".

Mr Michael Aaron, the owner of Sherry-Lehman, a leading new York wine merchant, said calls for white wine were pouring in yesterday morning. He said a number of distributors could go bankrupt as a result of the decision.

One US official, in a jocular mood, said: "Think of this as an educational opportunity to get to know the delights of wines from California's Napa Valley."

Threat of trade war upsets UK business

John Major is being urged to use his influence to end the stalemate, reports **Michael Cassell**

THE Confederation of British Industry reflected the widespread concern of UK companies and warned of serious repercussions for UK business of a full-scale trade war.

A CBI spokesman said expansion of world trade was now a top priority for economies attempting to escape recession. A tariff war was "the last thing we need", he added.

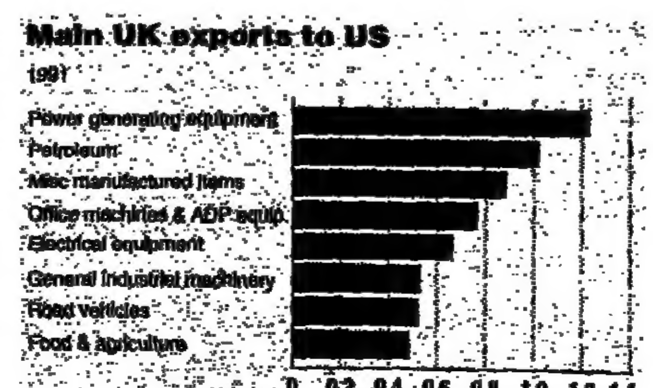
The CBI particularly highlighted the threat to investment and employment from a collapse of the General Agreement on Tariffs and Trade (Gatt). It drew attention to the reported closeness of both sides in the negotiations and urged them to reach agreement "before it is too late".

The British Chambers of Commerce said Mr John Major, the prime minister, should use his EC presidency to call an extraordinary meeting of the council of ministers.

"The breakdown in trade talks could prove to be one of the last nails in the coffin of business confidence. It is vital, therefore that John Major uses every influence to try to break the log-jam," a spokesman said.

The US is Britain's third largest export market, after Germany and France, worth more than £10bn annually. Britain is the highest overseas investor in the US, with accumulated assets of £140bn.

The CBI also emphasised the inevitable knock-on impact of targeted punitive tariffs. While the first proposed tariffs were directed mainly at French



products, the UK was also likely to suffer because of its involvement in shipping, insurance and packaging sectors.

The Society of Motor Manufacturers and Traders echoed CBI concerns: "We want this solved as quickly as possible, because these situations can escalate out of control literally overnight," said Mr Roger King, head of external affairs.

"We are watching the position very closely and we are still not sure that it is going to happen."

The first round of measures threatened by the US were aimed at French and German wine, said Mr King, but the motor industry feared tyres might be hit by later measures.

Some big car producers in the UK – Ford and Vauxhall – are subsidiaries of American corporations, while Jaguar, the UK luxury car maker which exports a substantial part of its output to the US is also a subsidiary of Ford.

"It would be strange if the US tried to have an impact on its major subsidiaries in the UK motor industry by making their life difficult in this country," said Mr King.

The textile industry expressed hopes that it could escape punitive action. Mr Colin Purvis, secretary-general of the British Apparel and Textile Confederation, said: "We deplore the fact that agriculture, which accounts for 10 per cent of world trade, has been allowed to hijack the Gatt talks."

He said textiles were not in the immediate firing line but if a trade war developed every sector of industry was at risk. Clothing and textiles accounts for about 5 per cent of world trade.

Mr Camille Blum, director general of Comitextil, which lobbies for European textiles manufacturers in Brussels, said: "The dangers are that when you begin a trade war, you do not know where it will finish."

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Germany dismayed at Maastricht delay

By Quentin Peel in Bonn

THE British government decision to postpone final ratification of the Maastricht treaty was greeted in Germany yesterday with alarm and dismay.

Senior officials fear that it will cast a new shadow over next week's planned summit between Mr Helmut Kohl, the German chancellor, and Mr John Major, the British prime minister – just when Anglo-German relations had started to revive in the wake of sterling's withdrawal from the European exchange rate mechanism.

"If the British are making their decision dependent on the second Danish referendum, it is totally wrong," one official said yesterday. "To make the future of Great Britain dependent on some emotional Danish voters is silly and irresponsible."

German dismay is clear for three reasons. In the first place, the British decision will make it more difficult to insist that there shall be no renegotiation of the Maastricht treaty to meet Denmark's objections.

Second, it will actually relieve the pressure on Denmark to vote in favour of the Maastricht treaty when it finally comes to a second referendum next year, because it will no longer be the last EC member left to ratify.

Third, it may stoke popular doubts within Germany about the treaty, and strengthen demands to abandon the idea of a single European currency to replace the D-Mark, or to have a referendum. Mr Kohl is absolutely determined to resist both moves, but they are a severe embarrassment.

The German government put out a careful statement yesterday, expressing its "regret" at the British decision to postpone ratification, because it would mean that the treaty would not come into effect on January 1, 1993, as intended.

At the same time, Germany politely but coolly welcomed the restated British determination to implement ratification of the treaty during 1993.

For its own part, "the federal government remains determined, like other member states, to finalise its ratification process – as foreseen – by the end of this year", according to Mr Norbert Schäfer, the deputy government spokesman.

The first suggestion of doubt about that aim was voiced by Mr Günter Verheugen, the Social Democrat chairman of the joint parliamentary committee set up to ratify the treaty. He said the British decision should start a full debate on whether the aim of European union remained realistic.

"We cannot simply carry on regardless," he said yesterday. "At least we should have some clarity over whether European union is still realistic. The British decision means that Britain is dependent on finding a solution for Denmark, and there is no solution in sight."

The delay should be used to canvass for wider popular support for the treaty, he said, bearing in mind German opinion polls showing a growing minority casting doubt on the ambition of European union.

Nevertheless, Mr Verheugen said he expected the German Bundestag to stick by its ratification timetable, and complete the process before the Edinburgh summit in December.

Mr Karl Lamers, foreign affairs spokesman for Chancellor Kohl's Christian Democratic Union (CDU), was adamant that there must be no wavering on the part of Germany. "If we start to show uncertainty, it would be a catastrophe," he said.

"As for Britain hiding behind Denmark, it is simply not right. It is not worthy of your country. Britain should be giving Denmark the lead, not the other way round."

Helmut Kohl is absolutely determined to resist a referendum, or pressure to abandon a single currency, despite the UK move

UK decision irritates France

By William Dawkins in Paris

FRANCE yesterday voiced dismay at UK Prime Minister John Major's decision to put off parliamentary ratification of the Maastricht treaty until after a second Danish referendum next May.

The delay was "very worrying" said Mrs Elizabeth Guigou, the European affairs minister.

It risked undermining "indispensable dynamism" in the whole process of ratifying the treaty on monetary and political union in Britain and Denmark, said Mr Daniel Bernard, foreign ministry spokesman.

"A more rapid British ratification would without doubt create a happy dynamic to help the Danes ratify," he said.

The foreign ministry accepted that Britain was entitled to some flexibility on the timing of Maastricht ratification, but officials were privately annoyed that Mr Major appeared to have withdrawn an assurance to President François Mitterrand that the Maastricht bill would pass through parliament by early next year.

Britain's delay is doubly irritating to Mr Mitterrand, for whom European construction has been a constant priority. He took the biggest political risk of his career by putting the ratification of Maastricht to a referendum in September, in which victory was slim enough to inflict further damage on an already weak and divided ruling Socialist party. Another dose of suspense over the future of the treaty will hardly please the French president and could well provide fresh ammunition for opponents of Maastricht in the finely balanced French electorate.

Denmark hopes move will help with bargaining

By Hilary Barnes in Copenhagen

DANISH politicians yesterday welcomed the British decision to delay Maastricht ratification as strengthening Denmark's bargaining position in talks over its future relations with the EC.

However, the British delay may sharpen other countries' dilemma over the concessions which can be negotiated to try to clinch a Danish Yes in a new Maastricht referendum next year.

"This emphasises that a solution to the Danish problem must be found," Mr Uffe Ellemann-Jensen, foreign minister, said yesterday.

Mr Ivar Norgaard, chairman of the Folketing's Market Affairs Committee, indicated that, with two members failing to ratify until next year, Denmark's negotiating hand would be strengthened. "It puts pressure on us all to reach an agreement...and it puts the other countries in a position where the alternative they face is an arrangement for 10 countries only, so I think it is an advantage for us," Mr Norgaard said.

Mr Ellemann-Jensen has visited London, Bonn and Paris this week to present the Danish demands for special arrangement.

The demands are contained in a position paper backed by seven of the eight parties in the Folketing.

The foreign minister said yesterday he has repeatedly heard that the Danish requirements, if met, mean the treaty would have to be reopened.

"We have to point out that this is not what we want, and there is agreement on this in the market committee," he said.

The foreign minister said the government wanted political agreement for special Danish EC arrangements in place before the end of the year.

"All that will be missing then will be the technical arrangement to make it possible to submit legislation to the Folketing," he said.

After that another referendum could be held on the treaty, in a bid to correct the No delivered in June. Mr Ellemann-Jensen said, however, the government had not promised the UK government a referendum could be held in May.

"We have said that a referendum in May is possible, and that it is unlikely to be any earlier. But this depends on whether there is an agreement on Denmark's future in the EC," he said.

The four key requirements are that Denmark should be free not to participate in European defence policy; not to implement the third phase of the EMU; not to implement co-operation on police and legal issues on a supra-national basis; and not be committed to introduce union citizenship.

Norway sees rise in opposition to EC

By Karen Fossli

THE number of Norwegians who oppose European Community membership has risen to 54 per cent, according to a new opinion poll.

Opposition is particularly strong among women who, according to the poll, rejected membership by 55 per cent over fears that social welfare support would be drastically cut.

The anti-EC mood has intensified since June when neighbouring Denmark rejected the Maastricht Treaty. It has also been strengthened by Sweden's growing opposition to membership of the Community.

According to a recent Swedish poll, 53 per cent would vote No if a referendum on the issue was held now, while just 30 per cent would be in favour of membership.

Norway's poll comes just three days before the Labour party conference is expected to vote in favour of re-applying, with a view to submitting a fresh membership application by the end of this month.

The country narrowly rejected membership in 1972 in a bitterly divisive referendum. Prior to this it had submitted three applications for membership.

Gro Brundtland: "Europe will not wait if Norway hesitates"

Mrs Gro Harlem Brundtland, prime minister and leader of the Labour party, has warned that no one would wait for Norway if it hesitated to apply.

"If we wait, we will relinquish the right to promote our interests when the other Nordic countries join the EC ... we will give EC member states and applicants time to develop closer European co-operation and security and foreign policy without us," she said.

Mrs Brundtland stressed Nordic co-operation was no longer an alternative to European co-operation. "If Sweden, Finland and Denmark are all members, 80 per cent of the Nordic people will be inside the EC."

She said Norway must consider that the Keel mountain range, between Norway and Sweden, could become the border between Norway and the EC.

Spain decries 'setback'

THE Spanish government is disappointed at British Prime Minister John Major's decision to postpone final ratification of the Maastricht treaty until next year, government spokeswoman Rosa Conde said, Reuter reports from Madrid.

In Palma de Majorca, Spanish EC Commissioner Manuel Marin was more critical, saying that the British decision was a setback in European union that discouraged its EC partners.

"We are not used to a head of government accepting a public commitment and then to see an about-turn because of domestic politics," he said during a seminar on the treaty on European union.

He said he did not believe the present impasse, pending the decisions of Denmark and Britain, would last beyond the first half of next year.

"Europe must be built through decisions by real leaders who accept an internal political cost," he said. The danger was that the Edinburgh EC summit in December would take place with two member countries unable to work normally with the rest, he added.

India attacks foreign banks over scandal

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

THE CHAIRMAN of an Indian Parliamentary committee, probing the Rs35bn Bombay securities market scandal, yesterday accused foreign banks of starting the affair, warning they risk retaliation.

"We should seriously think whether they (foreign banks) should be allowed to operate in the country and, if so, at what point and under what circumstances," said Mr Ram Niwas Mirdha, a former minister who has spent the last three months investigating the affair.

He is the first top Indian public figure to openly condemn foreign banks over the scandal, which has lead to about 20 arrests, caused heavy losses at leading financial institutions and brought the resignation of a Cabinet minister.

Mr Mirdha's views indicate that his committee's report, due by the end of the year, will strongly criticise foreign banks. That in turn could prompt demands for sanctions against the banks which the government could find hard to resist. While the administration of Mr Narasimha Rao, the prime minister, is committed to opening up the Indian economy to foreign companies, a deep-rooted suspicion of multinationals, including banks, pervades India.

Mr Mirdha said foreign banks had "become the initiators of massive violations of rules and regulations."

Foreign banks had doubts about some of their activities. But instead of asking regulators for advice they went to legal advisers "to cover up their tracks," said Mr Mirdha.

He added that "lax all over" supervision by the Reserve Bank of India, the central bank, contributed to the scandal. The affair suggested the government should first instal a "proper regulatory framework" before trying to expand and liberalise the financial markets.

"The policy of greater market-orientation of the Indian economy cannot work if the market and market-related institutions are not strengthened," Mr Mirdha said.

His committee has heard that four foreign banks - Citibank and Bank of America of the US, as well as Britain's Standard Chartered Bank and ANZ Grindlays of Australia - dominated inter-bank securities trading. They accounted for two-thirds of trade in the 14 months before the scandal erupted. They have been accused of abuses including flouting guidelines on forward trading, on handling cheques and on portfolio fund management.

The next few weeks could see intense argument over the affair as MPs prepare for the opening of the winter session of Parliament on November 24.

None of the banks were available to comment yesterday on Mr Mirdha's remarks.

Yeltsin struggles to calm N Ossetia flare-up

Steve LeVine on a week of ethnic bloodshed that is the first outbreak on Russian soil since perestroika

THE WAY they tell it in the regional capital of Vladikavkaz, the trouble started when an Ossetian tank accidently ran over and killed an Ingush boy. As with ethnic conflicts everywhere, one thing led to another and now, a week later, scores of Ingush houses have been set alight by the Ossetian majority.

The week of bloodshed, the first on Russian soil since perestroika gave birth to ethnic conflict in the Soviet empire, has produced shock waves both in the mountainous region and Moscow.

Russian president Boris Yeltsin is trying to fend off hardliners who say matters are spiralling out of control in Russia. Pre-emptively, he has deployed 3,000 elite troops and police, suspended the north Ossetian government and imposed rule from Moscow.

But on Thursday, when a new truce was supposed to be in effect, black smoke rose in columns above burning Ingush homes in the district of Okyabrskaya, in the Vladikavkaz suburbs.

The current fighting will eventually be stopped but the Moscow-backed crackdown looks likely at this point only to push the well-armed Ingush fighters underground and produce a guerrilla conflict in Russia's southern belly.

In Vladikavkaz, local officials concede there is little if any room left for compromise. "They should be done away with once and for all," said north Ossetia's interior minister, General Georgy Kantimirov, of the Ingush fighters. "When we have no armed bandits around we will be able to keep the peace."

The conflict is territorial. The Ingush are pressing an

North Ossetian rebels charging out of a trench this week in an attack on an Ingush-held village in the northern Caucasus region

ancestral claim to part of north Ossetia – the Prigorodny region – plus half the capital of Vladikavkaz. Stalin expropriated the land from them in 1944, saying the Ingush had collaborated with Nazi Germany.

The Ossetians naturally object to such a transfer of their territory and assert their own reading of the region's ethnic history. They say that Russian Cossacks were there before the Ingush.

The stakes for settling the conflict soon are high, both in Moscow and the Caucasus.

If Mr Yeltsin cannot demonstrate the ability to quell such trouble, he may not only strengthen the hand of his hardline critics but also lose face with the restive minorities of the federation's many other autonomous regions squirming to escape Moscow's grip.

North Ossetia is only the latest hotspot in the explosive Caucasus region and Russian officials fear the upheaval there could worsen.

Russia already has trouble in three autonomous republics there – Chechenia, Ingushetia and north Ossetia – and is trying to broker a peace in fighting between Georgia and its region of Abkhazia.

Meanwhile, the undeclared four-year war between Armenia and Azerbaijan has deepened.

Mr Yeltsin, though he claims only to want to get between the combatants, appears to have taken some risk by effectively siding with one Russian republic – north Ossetia – over another, Ingushetia.

There already have been accusations that Chechenia, which is awash with weapons, is giving arms to the Ingush.

The president of Chechenia, Mr Dzokar Dudaev, is openly hostile to Moscow and in the past often made calls to arms against Russia.

There appears to have been no fighting so far in Vladikavkaz itself other than a shoot-out on Thursday night among comrades on the Ossetian side in the local Intourist Hotel in which several people were wounded.

In the surrounding district of Prigorodny, almost all the fighting has been carried out by the north Ossetians, who have automatic rifles, bazookas

and some armour.

The Russian troops have established a puzzling kind of buffer-zone. Some main roads are completely open to traffic while others contain numerous, tightly-held roadblocks.

The Russian troops mostly stand around nervously near their armoured personnel carriers as the bullets and artillery fly.

They do not seem to have orders to fight. A few days ago, the Ingush attacked Russian interior ministry troops and, depending on who you speak to, seized between two and 10 Russian armoured personnel carriers.

In one clash, the Ingush destroyed an APC with a bazooka, according to a Russian task force spokesman. Dozens of Russian soldiers have been taken hostage and an undisclosed number remain with the Ingush.

No-one knows how long the fighting will go on. Mr Yeltsin said his force would remain one month, but the Russians in Vladikavkaz do not seem very optimistic about the outlook for peace.

"Some families will keep these mental scars for the rest of their lives," said Mr Sergei Shoigu, Mr Yeltsin's deputy administrator in Vladikavkaz.

Italy embarrassed by leak of plans for privatisation

By Haig Simonian in Milan

MR Giuliano Amato, Italy's prime minister, has called in magistrates to investigate the leak of a highly confidential draft document outlining the government's privatisation plans just days before they are due to be delivered to parliament.

The proposals, revealed on an Italian news agency on Thursday evening, suggest that Ina, the big state-owned insurance company, and Banca Commerciale Italiana, controlled by the IRI state holding company, could be privatised next year, along with a number of smaller holdings.

Other companies on the list include Italtel, the IRI-owned telephone equipment group, and IRI's stake in Banca di Roma, now Italy's biggest bank in terms of branches.

The plan also envisages sales of government holdings in a variety of industries, such as food, retailing and telecommunications, where it recommends the retention of minority stakes and guaranteed control, possibly through a "golden share". Sales or international alliances for some other, unspecified state-owned companies which are in poorer financial shape will have to await further restructuring, according to the plan.

The privatisation document has been prepared by a team of six eminent bankers and economists, backed up by two top civil servants in the treasury. After being submitted to Mr Piero Barucci, the treasury minister, the plans were sent to Mr Amato, and circulated to the budget and industry ministers.

The leak, which is widely regarded as accurate, is an acute embarrassment to the government. In spite of some limited leaks earlier this week, it has managed to keep the lid on the privatisation proposals.

Leaking the proposals, which are much more specific than originally expected, has already upset many executives of state-owned companies, who have been surprised to find themselves on the privatisation list. Consob, the country's stock market and companies watchdog, has also intervened, as many of the companies concerned are already partly quoted. Yesterday share prices of many of the companies concerned rose sharply.

Mr Amato is expected to meet Mr Barucci, Mr Franco Reviglio, the budget minister, and Mr Giuseppe Guarino, the industry minister, for urgent talks today, before discussion of the proposals in cabinet next week. Barring further upsets, the document should be ready for parliament by the government's November 14 deadline. According to the plan, the sales should reduce the budget deficit by L7,000bn (£3.2bn) in 1993 and L20,000bn in 1994-1995.

The privatisation proposals were immediately criticised by Italy's three trade union federations because of feared job losses and a lack of consultation. They also attacked the way the information was leaked.

The leak has also rekindled speculation of sharp differences between ministers about privatisation. Mr Guarino is believed to be particularly unhappy about elements of the plan and to have revived his now discredited concept of creating a "superholding" company to control public-sector holdings as an alternative proposal.

The government has maintained that no action will be taken before the document has been debated fully in parliament.

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Job figures put pressure on Clinton

By Michael Prowse in Washington

THE PRESSURE on president-elect Bill Clinton to unveil a fiscal stimulus early next year increased yesterday as disappointing jobs figures indicated the economy was barely growing.

The Labor Department said the jobless rate fell marginally last month, to 7.4 per cent compared with 7.5 per cent in September.

Non-agricultural employment, however, grew by only 27,000, not enough to offset sharp falls in preceding months and a derisory figure in an economy with 110m employees.

What little job growth there was, moreover, occurred mainly in service sectors such as health care. Manufacturing employment dropped 56,000 last month, raising the number of factory jobs lost since May to about 225,000. The poor figures prompted speculation that the Clinton administration might unveil a double-barrelled fiscal package early next year with immediate measures to stimulate the economy, such as an investment tax credit, balanced by spending curbs in later years to reduce the budget deficit.

Such a package would be crafted to reduce upward pressure on bond yields, which have risen significantly since polls first indicated a Clinton victory was probable.

Mr Clinton, however, has offered few clues of his economic intentions since his election victory, other than pledging to "focus like a laser beam on the economy" and to avoid measures that would disrupt market forces.

There was also speculation yesterday that the Federal Reserve might cut short-term interest rates again before the end of the year, if the economy remains sluggish.

Economic signals remain mixed. Earlier this week spirits were lifted by a rise in factory orders, an increase in the Purchasing Managers' Index and a fall in weekly claims for unemployment insurance to the lowest level for two years.

Recent weeks have also seen tentative signs of higher loan demand.

Yesterday's employment report, however, was a reminder that consumer confidence is low because the unusually sluggish recovery is creating only a trickle of new jobs. Monthly employment gains of 200,000-300,000 would be expected in a normal recovery.

TV networks backed on syndication

By Alan Friedman in New York

A FEDERAL appeals court in Chicago has rejected an important 1991 ruling by the Federal Communications Commission (FCC) that restricted the rights of US television networks to earn big profits from the syndication of prime time programmes.

The court decision could play havoc with the politically sensitive issue of who earns the most from the $5bn annual market for the resale of television shows.

Last year the FCC ruled the networks could own and syndicate, domestically and abroad, 40 per cent of programmes.

That was a partial victory for the networks because they previously could not syndicate anything domestically. The ruling followed a 20-year period in which Hollywood studios which made the programmes were in a stronger position as they had the exclusive resale rights.

Both the networks and Hollywood decided to appeal. The networks argued they should be given the right to resell 100 per cent rather than just 40 per cent of the shows while Hollywood argued the networks should not have any rights.

The Chicago court ruling sent Wall Street analysts scrambling to interpret its possible future financial impact. It remained unclear whether the matter would continue in the courts, lead to a new FCC decision or be treated at a political level once the Clinton administration takes office.

"The whole question is a football and when it bounces it could bounce in any direction," said Mr David Londoner, media and entertainment analyst at Wertheim Schroder, the investment bank.

Brazil unveils taxes to raise $15bn

By Christina Lamb in Rio de Janeiro

THE Brazilian government yesterday unveiled a long-awaited fiscal reform package to raise $15bn through new taxes as a key part of its battle against inflation, now running at more than 1,000 per cent a year.

The project, which involves constitutional amendments and requires congressional approval, is aimed at covering a Cr110,000bn ($12bn) hole in next year's public finances and at combatting mounting tax evasion which has seen tax revenues fall 25 per cent in real terms over the last two years.

The new economics team plans to show this to the International Monetary Fund at the reopening of negotiations next month in an attempt to rescue a $2.1bn standby agreement which has lapsed because of failure to meet targets.

The principal new taxes to be introduced are:

- a 0.25 to 0.3 per cent tax on all financial movements including cheques
- a selective tax on fuel, electricity, cars, tobacco, beverages and telephone calls
- a 7 per cent aggregated value tax on the final price of products and services.

These replace a tax on financial operations and a tax on industrial products as well as various social security contributions and profit taxes which companies have been challenging in court.

Half of all revenue raised through the new taxation scheme will go towards financing domestic debt, and states and municipalities will be banned from issuing new debt titles up to the year 2000.

The government also pledged to pay a 147 per cent increase to pensioners, ordered last year by the Supreme Court.

The project must be passed this year if the new taxes are to come into effect in 1993.

Although the political climate is favourable with a large government majority in Congress and a general sense of urgency, government officials admit their chances are slim because of the limited time left before the Christmas recess and the controversial nature of the reform, particularly the changing balance of revenues between the federal government, states and municipalities.

The economic team is considering suspending all subsidies and fiscal incentives next year as a stopgap measure if approval is not secured.

NEWS IN BRIEF

Thai group invests $1bn in China

A THAI conglomerate announced yesterday that it had signed a deal to undertake a $1bn forestry and pulp and paper project in southern China's Guangdong province, in what it said was the largest Thai investment so far in China, writes Victor Mallet in Bangkok.

Soon Hua Seng group (SHS), an unlisted company which boasts of being the biggest rice and tapioca exporter in the world, signed an agreement with the state-controlled Forestry and Paper Mill Co of Shanwei City to plant trees and build wood chip and pulp and paper plants which will eventually employ 4,000 people.

It was the latest in a series of moves by Thai entrepreneurs of ethnic Chinese origin to invest in southern China; other Thai Chinese investments in China include feedmills, property projects and banks.

Mr Kitti Dumnernchanwanit, president of SHS and a director of Bangkok Bank, praised China's economic liberalisation measures and said: "I am a Chinese, but was born in Thailand. I always realise that for a human being it is a must to bring progress and prosperity to his country of origin."

SHS said it would start planting eucalyptus and acacia trees next year on 32,000 hectares of land to be rented from the Shanwei government. Construction of the wood chip plant would begin in 1997 or 1998, and the building of the pulp and paper factory would start in 1999.

Production was expected to start in about 10 years, and paper output destined for China and for export markets would be about 120,000 tonnes a year.

The company released no financial details, but said part of the total $1bn investment would come from international financial institutions.

"The relations between China and Thailand are evident and no development can sever or destroy them," said Mr Prasit Kanchanawat, a former commerce minister who is chairman of both SHS and Bangkok Bank.

Korea market 'impenetrable'

European car makers have called on the EC Commission to reconsider South Korea's trading terms with the Community, complaining that protectionism makes the Korean market "impenetrable", writes John Griffiths.

In a report released before trade talks next week between the EC and Korea in Brussels, the European Automobile Manufacturers' Association (ACEA) protested that Korea's high duties and taxes on imported cars hampered entry.

The report said cars imported into Korea cost up to 41 per cent more than locally-produced cars. In addition, a 15 per cent purchase tax was levied on imported cars worth over won 70m ($76,700). No Korean-made cars were liable for this tax and Korea's car exports to the EC were exempt from duty because of its developing nation trade status.

The Korean barriers are not confined to tariffs, the report protests. It cites paperwork delays of up to five months, lengthy and obstructive vehicle emissions and noise testing and lengthy customs delays as being among other obstacles.

The report reflects concern of Europe's car makers at rapidly rising sales volumes being achieved in the EC by South Korea. In the first nine months of 1992, Korea exported 563,330 cars to the EC while only 593 EC-made cars were sold there.

Rawlings wins Ghana poll

Ghana's leader Jerry Rawlings, who seized power twice through the barrel of a gun, won it through the ballot box as official election returns yesterday gave him 58.5 per cent of the vote, Reuters reports from Accra.

Opposition parties have claimed massive electoral fraud but international observers have endorsed the polls as broadly fair, despite organisational problems.

New Portuguese foreign minister

The Lisbon government has named Mr Jose Manuel Durao Barroso, former secretary of state for foreign affairs and co-operation, as the country's new foreign minister. He replaces Mr Joao de Deus Pinheiro, who will be appointed a European Commissioner, writes Peter Wise in Lisbon.

Mr Durao Barroso, 36, has made a rapid ascendancy through the hierarchy of the centre-right Social Democratic government over the past seven years, distinguishing himself in 1991 as the chief architect of a peace settlement in Angola.

A lawyer who belonged to an extreme-left Maoist party during his student days, his priority as foreign minister will be to join other international leaders in trying to bring Angola back from the brink of civil war.

Portugal's existing EC Commissioner, Mr Antonio Cardoso e Cunha, who has responsibility for energy and other portfolios, is being withdrawn to run the universal exhibition, Expo 98, in

British visa Catch-22 stifles hopes for Bosnia's refugees

By David White in Zagreb

A CONSULAR Catch-22 has been set up for Bosnian war refugees seeking passage to the UK.

Enquiries were already flowing in to the tiny British embassy located above a clothes shop in Zagreb, the Croatian capital, yesterday after the announcement of visa requirements for most citizens of the former Yugoslav republics.

Holders of Croatian – or Slovenian – passports are not affected by the measure. But Croatia currently has on its bands an estimated 332,000 refugees from the seven-month old war in Bosnia-Hercegovina, more than any other country outside Bosnia itself.

The problem is that the British embassy is not being authorised to issue visas. Those who missed the deadline by not starting their journeys before midnight last night are recommended to apply for visas in Vienna or Budapest.

And the problem with that is that the Austrian and Hungarian authorities, themselves finding it difficult to cope with the large number of displaced people, now require that entrants should be in possession of a visa to a third country in order to gain admission.

Some hopefuls evidently thought the issuing of UK visas might provide an extra possibility for overland travel, but they were rapidly disabused.

The measure was announced on Thursday by Mr Kenneth Clarke, UK home secretary, in order to stop an "uncontrolled flow" of migrants.

Britain is however offering to take 150 detainees, a figure which, including dependants, could increase to about 600.

A UN official said this was "not all that good, either" in comparison with some other countries' efforts.

Amnesty seeks investigation into Angolan rights abuses

By Julian Ozanne in Nairobi

AMNESTY International, the human rights body, yesterday expressed concern about reports of killings of Unita officials and supporters by government-armed civilians.

Amnesty said it was calling on the government to establish an impartial and independent investigation of the allegations of gross human rights abuses.

The call came amid continued efforts by South Africa, the US and the United Nations to bring Unita, the former rebel movement, and the government together for peace talks after fierce street fighting in Luanda and several other provincial cities in the past seven days.

Those efforts are being hampered by the fact that many of the most senior and western-educated leaders of Unita, who have been responsible for negotiating with the government during the past 17 months, have been killed or are missing.

Unita yesterday appealed to the US to intervene to stop fighting in the war-ravaged country, which it claimed had left 15,000 people dead.

Unita officials said the government launched a "brutal pogrom" intended to wipe Unita out of the cities.

Listed among the Unita fatalities are Vice-President Jeremias Chitunda and Mr Elias Salupeto Pena, Unita's representative to the joint body overseeing the peace process. A Portuguese correspondent in Luanda who saw the corpses of both men said they had received bullet wounds to their heads fired from point blank range.

Diplomats in Luanda said earlier this week that during the fighting armed civilians went on house-to-house manhunts for Unita supporters and that the streets of the capital were littered with corpses.

Lib Dems accused of hypocrisy

By Ralph Atkins

MR JOHN SMITH launched a fresh attack yesterday on the Liberal Democrats for voting with the government in this week's debate on the Maastricht treaty – as the Labour leader tried to restore his European credentials.

He said Mr Paddy Ashdown, Liberal Democrat leader, was either "not telling the truth" or was "an unashamed hypocrite" in suggesting that he knew three weeks ago that the government would delay completing ratification of the Maastricht treaty until after the second Danish referendum.

He said Mr Ashdown had told the Commons that he did not believe Britain should "shelter behind the skirts of the Danish people". Mr Smith said the Liberal Democrats backed, "a discredited and bankrupt government that is undermining our society, destroying our economy and wrecking our future in Europe".

His comments came at the end of a week in which relations between Labour and the Liberal Democrats have worsened dramatically. Aides to Mr Ashdown denied there had been any contact between Liberal Democrats and the government, but confirmed that the party had long believed the committee stage of the Maastricht Bill could last until April.

Conservatives have attacked Labour. Mr Malcolm Rifkind, defence secretary, said last night in a speech in Derbyshire that, "domestic partisan interests – and an appalling lack of principle – have, once again, been allowed to overshadow Britain's future in Europe".

Mr Smith used his speech to a Labour conference on Europe in Brighton to insist that Britain had to be in the lead in Europe. "Let us play our part in shaping the Europe of the next century," he said.

He justified Labour's decision to vote against the government by saying that he was not prepared to support a motion, "which would have endorsed the Conservative opt-out from a social chapter which the rest of the [European] Community properly regards as vital".

Mr Smith also said Mr John Major should have used the British presidency of the EC could to initiate Europe-wide action to counter recession.

Hurd explains 'Euro-lunacies'

By Robert Mauthner, Diplomatic Editor

SCARE stories about the European Community's actions or intentions are often given screaming headlines in the British media while positive accounts about Community action of real benefit to Britain are given little coverage, Mr Douglas Hurd, foreign secretary, said yesterday.

Mr Hurd said in a speech in his Witney constituency that the EC was often used as a whipping boy for the sins of others. Bureaucrats in local and even central government frequently blamed unpopular regulations on imaginary edicts from Brussels.

Mr Hurd listed three types of such stories. "Euro-myths", he explained, were amusing anecdotes which had no basis in fact. He gave as examples the "Euro-lavatory", which was supposed to limit the amount of water cisterns could flush, and the banning of home-made jam, round cheeses and the wearing of hairnets by fishermen. All these were false.

"Euro-scares" resulted from a misunderstanding of what had been agreed and "Euro-lunacies" were genuine examples of unnecessary or intrusive Community rules.

Some "Euro-scares" arose from early EC proposals which were then amended or where "we subsequently negotiate sense into a directive", Mr Hurd said. One example was the supposed EC move to ban flavoured crisps. The abandonment of such proposals was seldom mentioned in the media.

Among the "Euro-lunacies" Mr Hurd listed Community rules on maximum noise limits for lawnmowers and cucumber norms which decreed that they should be of a certain curve and colour.

Spending figure misses its target

By Alison Smith

THE GOVERNMENT'S public-spending figure to be announced in next week's Autumn Statement will not, after all, be £244.5bn – but that is not because of another u-turn.

The cabinet had agreed to keep to the planning total for 1993-94 which was, in July, stated as £244.5bn, but technical changes have meant the figure has been revised, probably downwards.

The Treasury insists that the revision is merely due to changes in the way particular items are classified.

Such modifications happen every year, but they are not usually highlighted because the planning total is almost always over-shot. In the past few years these technical revisions have raised the planning total by about £5bn.

However this year the revision is an embarrassment to the government as ministers have allowed the £244.5bn to become a symbol of the cabinet's determination.

The Treasury had recognised that there was a political risk in allowing the figure to become so well established, but officials advised that the change would be too complicated to explain.

Any variation from the set figure while the discussions on spending were continuing might also have suggested either a lessening of resolve if it had been higher, or conversely, unnecessary cuts if it had been lower.

Some ministers had warned of the danger of sticking to a figure decided a year before.

Lonrho Textiles to shed 150 jobs

A TOTAL of 150 jobs are to go at Lonrho Textiles plant at Cramlington, Northumberland, it was confirmed yesterday, Chris Tighe writes.

The company said the job cuts, caused by the closure of an old spinning and weaving plant, were being made to maximise the benefits of a £34m investment over the last four years in new technology and equipment.

The Cramlington site, a wholly owned Lonrho subsidiary employs 950 people and specialises in production of household linens. Mr Norman Morrison, personnel director, said: "We are maintaining volumes but at the cost of margins."

Ruling expected on Arrow report

THE High Court will rule on Thursday if the Mail on Sunday newspaper and two of its journalists committed contempt of court by disclosing details of the deliberations of the jury in the Blue Arrow fraud trial. This follows a two-day hearing before Lord Justice Beldam and Mr Justice Tudor Evans.

Sir Nicholas Lyell, the attorney general, asked the court to find the newspaper's publishers, Mr Stewart Steven, its then editor, and Mr Clive Wolman, city editor, guilty of contempt.

Mr Steven said in a sworn statement read to the court: "I believed the article to be of great public importance, in that it contradicted opinions being expressed from within the legal profession and by other commentators about the merits of jury trial in serious fraud cases at a time when proposals were being made for replacement of such jury trial."

Institute suspends accountant

MR PETER RAWLINGS, an accountant from Colwyn Bay, north Wales, has been suspended from membership of the Institute of Chartered Accountants in England and Wales for one year and fined £2,000 and £500 costs.

He had admitted forging two documents purporting to be company minutes of two electrical companies with the intention of inducing the Inland Revenue to accept them as genuine.

Post union backs 3.5% offer

THE UCW postal workers' union is to recommend acceptance of a pay increase for more than 140,000 postal and clerical workers which will increase the Royal Mail's pay bill by 3.3 per cent.

The offer gives a basic pay rise of 3.5 per cent, but the overall effect on the wage bill is lower as not all elements of pay rise by this amount.

Trial adjourned

THE Old Bailey trial of three former directors of Matrix Churchill, the Coventry machine tool manufacturer, was adjourned yesterday at the prosecution's request with no evidence being heard. It will resume on Monday.

Health pay call

PERSONNEL officers in the National Health Service have called for the abolition, within the next three years, of the Whitley Council and the pay review bodies which set national pay and conditions for NHS employees.

North-east TV group to axe 292

By Chris Tighe

YORKSHIRE-TYNE TEES Television yesterday announced the loss of 292 jobs, nearly a quarter of the combined workforce of the two north-east of England television companies which merged earlier this year.

The company said the job losses – spread among engineering, administrative, facilities and house-services staff – would eliminate duplication of functions at its Leeds and Newcastle upon Tyne bases.

Mr Ian Ritchie, deputy group chief executive and managing director of Tyne Tees, said the 292 redundancies comprised 174 at Yorkshire, 115 at Tyne Tees and three from sales in London.

He added that the job cuts were "the end of it" as far as the restructuring was concerned. "The sole reason for this particular situation was the merger," he said.

However, he could not promise that there would be no further job losses among the 947 remaining employees.

"Nobody in the current climate can give any guarantees on that," he said.

The joint shop stewards committee at Yorkshire TV said: "We are bitterly disappointed that the company sees the need to reduce staff by so many at a time when its order books are full, and at a time when YTV-made programmes are enjoying very successful runs on the network."

Yorkshire TV's agreed £30.4m takeover of Tyne Tees was approved by the Office of Fair Trading and by shareholders in August.

This created the third-largest independent television company, after Thames and Central.

Yesterday's job cuts should save more than £8m a year, leaving aside the one-off costs of redundancies.

Though 25 programme-making jobs will go, the company insisted that safeguarding programme quality was a prime consideration.

It said it was investing £10m in new transmission arrangements, programme development and enhancement of news, and would also boost its network programme development budget.

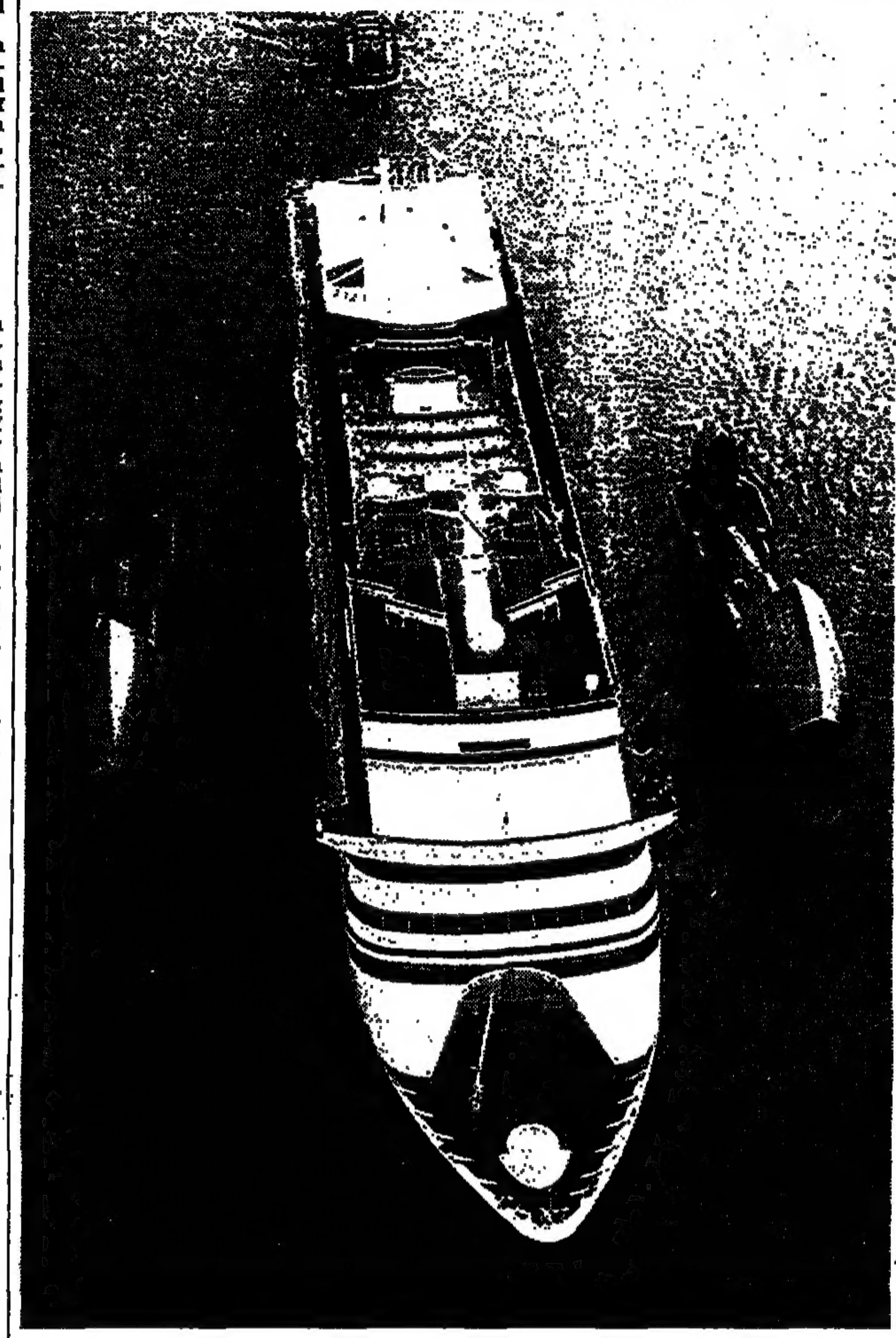
The rationalisation includes the introduction of single transmission arrangements, based in Leeds, for commercials.

A single facilities division, and a network programme operation, with staff on both sites, will be created.

Other casualties include the Yorkshire props department and Newcastle upon Tyne canteen staff.

The recently merged company has confronted difficult times since last year's competitive tenders for new franchises.

Yorkshire bid £37.7m a year and Tyne Tees £15.06m. Since the bids were submitted the end of the recession has not materialised.



Ashley Ashwood

MS Dreamward, a new £165m Norwegian cruise ship, sails through the Thames Barrier yesterday bound for Greenwich, south London. The 41,000-tonne vessel is thought to be the largest cruise ship to come so far up the Thames. Its first cruise, to the Caribbean, will be next month

Talks on Ulster's future move closer to collapse

By Ralph Atkins and Tim Coone

TALKS on Northern Ireland's political future moved closer to collapsing yesterday with little agreement between the participants – and apparent last-minute difficulties over procedural arrangements.

A scheduled plenary session of all the participants failed to take place. Instead Sir Ninian Stephen, the independent chairman, met heads of delegations and said that no plenary would take place until Tuesday.

Mr James Molyneaux and the Rev Ian Paisley, the two Unionist leaders, have said that they will walk out of the talks after Tuesday, in effect marking the end of the process. They object to the calling of a Anglo-Irish conference meeting the following week.

Sir Ninian is believed to be trying to draw up a "heads-of-agreement" document to salvage something from the talks process which started in April. But the nationalist Social Democratic and Labour party insists that such a publication must have a meaningful content.

Another possible cause for the delay is that Unionists could have argued that the calling of an Irish general election undermines the mandate of Irish ministers attending the talks.

Sir Patrick Mayhew, Northern Ireland secretary, will make a statement to the Commons when the talks finally end. He has spoken of an "intermission" before talks can be restarted, but it is unclear how quickly Unionists will agree. They want the 1985 Anglo-Irish Agreement ended and agreed to talk only because its workings, including the Anglo-Irish Conferences, have been suspended.

The Irish government is seeking an agreement which would in effect "bridge" the Anglo-Irish Conference meeting on November 16, and allow time for the Irish election to take place and a new government to settle into office.

Only a brief outline of possible new institutions for Northern Ireland has been agreed. Unionists and nationalists are far apart on the powers new institutions should have.

Bearings plant to extend holiday closure

By Chris Tighe

JAPANESE bearings manufacturer NSK will extend the Christmas shutdown of its biggest UK plant for the second year running.

Unlike many manufacturing companies, NSK has responded to the recession by lengthening holidays, rather than cutting jobs.

In the last 12 months it has extended the Christmas/new year, Easter and summer shutdowns at its bearings plant in Peterlee, County Durham, which employs 700 people, by a total of 20 days. This nearly doubles the days that the plant has not been in production.

The lengthened shutdowns are in response to an estimated 20 per cent drop in European market demand for bearings in the last two years. The steering column and ball plants at Peterlee, which employ 110 people, are not affected.

NSK Bearings Europe, announcing the five-day extension to this year's Christmas shutdown of the plant and forge, yesterday indicated its opposition to permanent plant closures or large-scale redundancies.

Mr David Smith, human resources manager at the Peterlee plant, said: "We believe that our strategy is much more conducive to the immediate and long-term personal needs of our employees and we have achieved agreement with union representatives on this over the last year."

NSK, like everyone else, was having to reduce expenditure, he said, but was trying to do so "within agreed and acceptable margins". Long-term developments and commitments, including secondment of staff to Japan to gain new skills, were continuing.

"In short, for the sake of everyone in the company, we are continuing to invest in the future," he added.

Employees can choose to take the five extra days as paid holiday from their entitlement for next year, which would not normally be available until May next year.

The AEEU, engineering and electrical union, the plant's recognised union, said: "We welcome employers doing this instead of throwing people on the scrapheap."

Lloyd's defers pressing its claims on Names

Andrew Jack looks at reaction to the insurance market's decision to bring in a six-month moratorium on writs

LLOYD'S NAMES reacted with a mixture of consternation and confusion yesterday to the insurance market's decision on Thursday to defer issuing any new writs in pursuit of outstanding debts.

Mr Peter Middleton, the London market's new chief executive, says that no more of the 3,500 letters sent to Names establishing their debts would be converted into writs until April next year. Lloyd's says these debts total about £360m.

He says the extra six-month moratorium would allow Names – the individuals whose assets underwrite the market – more time to cope with "temporary insolvency" and to liquidate their assets without making such substantial losses. A total of 549 of these Names have already paid what they owe since receiving the letters but the news makes no difference to almost 200 Names who have already been issued with writs.

Mr Richard Peacop, a Name with a writ, says: "This is totally cynical. Six months delay is neither here nor there. It still leaves your neck hanging over the block."

In a letter to Mr Michael Freeman, a solicitor representing many Names taking action to resist paying their cash calls, Lloyd's stressed yesterday that its decision was designed to give more time to Names who had just been notified of their debts. It was not a general amnesty affecting others who have been aware of demands for longer.

The first legal action – a summary judgment in the commercial courts – is not expected to take place until March. Other appeals, including one to the European Commission, will take considerably longer.

By the time the six months is up, Mr Middleton says that many other things will have changed. Two panels he has created – one on open years and another on errors and omissions policies, covering market indemnity – will report by early next month and efforts "significantly" to reduce the cost base of the market will already be well under way.

Names already facing legal action are concerned that those given more time will turn their backs and not offer funding and support to groups fighting Lloyd's. They also believe there is a moral obligation on other Names to help them, since any judgment will set a precedent which applies to them all.

Mr Philip Dinkel, vice-chairman of the writs response group, which is helping to co-ordinate the legal defence, remains confident that the cases can nonetheless be effectively funded – and won.

Mr Freeman warns that without additional financial support, preparation of the defence cases could be jeopardised as the costs escalate.

Mr Alfred Doll-Steinberg, chairman of the Gooda Walker Action Group, who met Mr Middleton with four MPs just before the public announcement, remains convinced that the new chief executive has generated a U-turn in the approach of Lloyd's to Names.

Mr Middleton, by his own admission, is performing "a juggling act". He must delicately balance the interests and human tragedy of Names against both the needs of policyholders to be paid and the long-term reputation of the market.

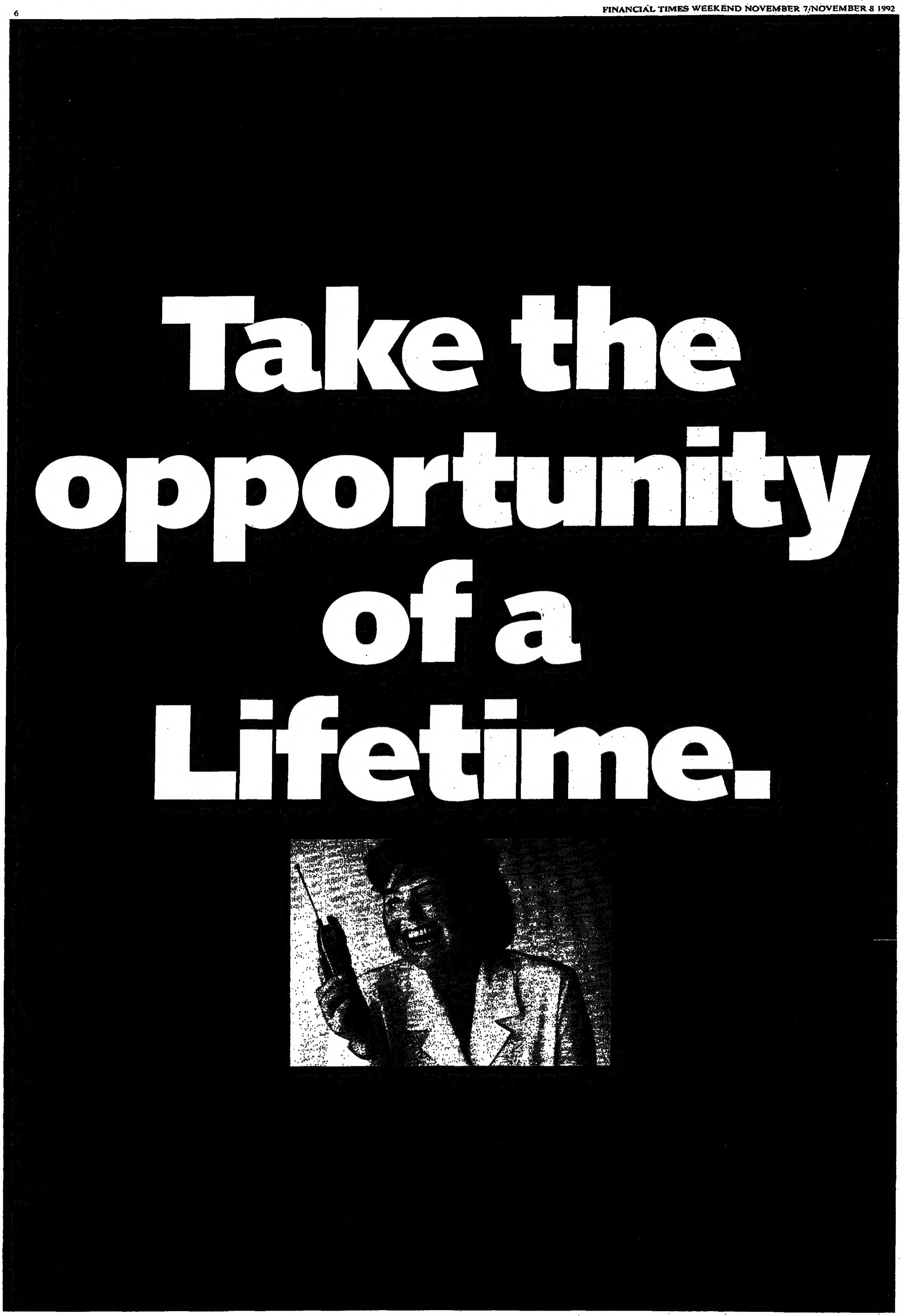
He already takes heart from a decline in the number of resignations from membership, at 1,351 so far this year out of a total of 34,000, compared with 3,166 by the same time last year. The number of new Names joining this year is just 50.

One suggestion is that recent reports of mental stress and suicides has motivated Lloyd's into taking action. At least one Lloyd's Name killed herself recently in Wales. Mr Fred Yeo and Mr Charles Bailey, two Canadian Names, also took their own lives within the last few weeks.

"It's tragic," says Mr Middleton. "We are human beings and we are affected by what has happened. We are trying to do everything we can to help those Names."

Mr George Pakozdi, a dentist living in Toronto, Canada, who is a member of the Lime Street members agency and knew both of the two Canadians who committed suicide, says he is convinced they were driven to suicide by pressure for repayments from Lloyd's.

He adds: "They had been healthy, well adjusted men, but they could see no future. There isn't a day that goes by when you don't get something from Lloyd's. It seems it will never end. I hope something comes from their sacrifice."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EOC loses appeal on part-timers

By Catherine Milton, Labour Staff

THE effectiveness of the Equal Opportunities Commission was undermined yesterday as the Court of Appeal ruled that part-time workers, most of whom are women, were not entitled to the same rights as full-timers.

In a two-to-one decision, the court backed a High Court ruling last month in favour of the government.

The earlier hearing had ruled that the government was justified in excluding employees who work fewer than 16 hours a week from protection against unfair dismissal and from the right to redundancy pay. The UK was not in breach of the Treaty of Rome or European Community directives, the court said.

In its appeal the commission claimed the ruling was unfair because under UK law part-timers must work three years longer than full-timers before they qualify for redundancy pay or can claim compensation for unfair dismissal. Full-timers must work for two years before they can claim basic redundancy and dismissal rights.

The appeal court yesterday stated that the commission – which has a statutory duty to enforce the law and promote equal opportunities – had no right to bring judicial review proceedings against the secretary of state for employment.

It said the commission should concentrate on assisting individual women to take their cases through the industrial tribunal system and should play an "advisory" role.

The statement is a direct attack on the commission's strategy of spearheading legal challenges which could affect large numbers of women.

Last year the commission used judicial review proceedings to establish that women serving in the armed forces may not be sacked for becoming pregnant – a ruling that has prompted 2,000 retrospective claims for compensation.

Mr Alan Lakin, solicitor for the commission, said he was "shocked" by the statement. He said judicial review was an important weapon for the commission.

The commission believes judicial review is the most efficient use of its small legal budget of about £600,000 a year. Yesterday's case cost about £65,000 excluding staff time.

The appeal court's ruling found that making part-timers work for three years longer than full-timers before they qualify for redundancy pay or can bring claims for compensation for unfair dismissal was not indirect discrimination, although 83 per cent of part-time workers are women.

The Department of Employment said: "We have always argued that these regulations are necessary to preserve job opportunities for women and to minimise the burden on business."

The commission was refused leave to appeal to the House of Lords. It said it would now consider petitioning the Lords for the right to appeal.

Voluntary exodus from pits at 2,976

By Jimmy Burns

THE number of miners applying for voluntary redundancy has risen to 2,976. It is believed that most of the volunteers work at the 10 pits earmarked for early closure.

There has been a steady increase in the number of applicants since the government's announcement of its redundancy programme on October 13. The latest figure from British Coal compares with a total of 500 miners who had applied by October 23 and 1,000 who had applied by early last week.

British Coal said last night that it was "not surprised" by the latest figure. "By any standard its a generous redundancy scheme which is on offer," it said. "There are older miners in particular who appear to be taking up the offer."

However, it stressed that it was too early to establish any definite trend and that the situation could change in the coming weeks.

The caution appears to be based on reports that British Coal is receiving from local managers that the uptake of voluntary redundancies is tailing off since the out-of-court agreement on Tuesday between British Coal and mining unions. British Coal has given an undertaking that in considering redundancies it will not discriminate against miners opting to remain in employment during the 90-day consultation period.

Local British Coal officials and union representatives said yesterday that the agreement had acted as a break on many miners who had enquired about voluntary redundancy, fearing they would lose out if they waited until the end of the consultation period.

There is still wide variation between areas. Officials of the National Union of Mineworkers said that one of the main haemorrhages of the workforce was at the South Yorkshire pit of Markham Main.

Miners shop around for jobs

Lisa Wood on the hunt for work in the wake of the coal crisis

What future for coal?

FORMER miners Mr Peter Leonard and Mr Allen Hughes are waiting to hear about applications for three jobs – working on London Underground's proposed Jubilee Line extension, tunnelling through two mountains in Iran for a new road and opencast mining in Malaysia.

The men, aged 35 and 49, were employed together as face worker and chargehand at Sutton Manor Colliery in Lancashire which closed last year.

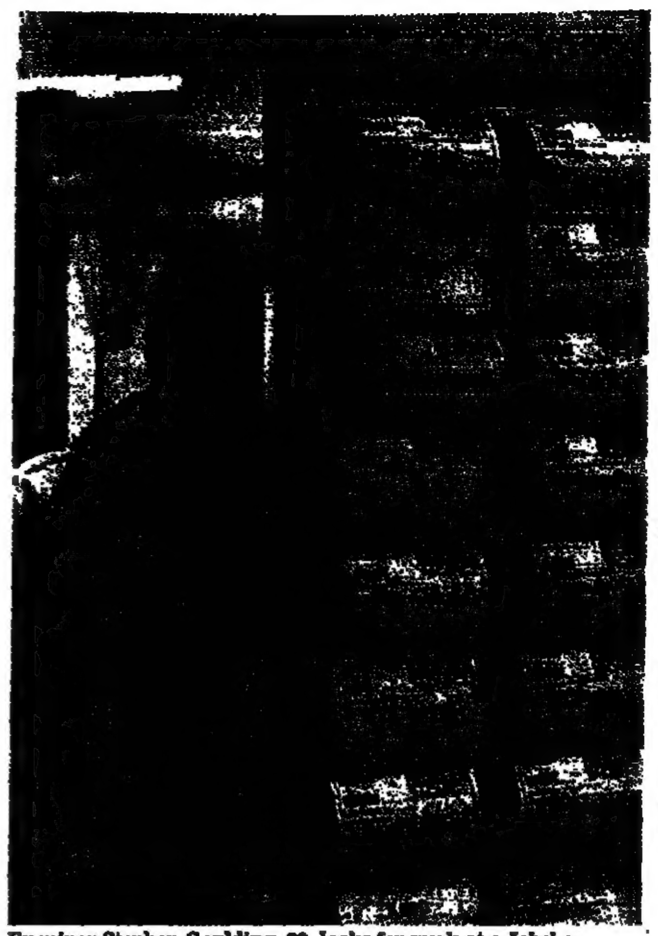
Since then they have not been idle – most recently they have worked for private contractors on the South Yorkshire coalfields. However, they have twice lost their jobs – after working knee-deep in water, doing what they described as "the hardest and dirtiest work in our lives". It was "first in, last out" as contractors reined back on employees.

Last week they travelled 18 miles from their Liverpool homes to inspect the vacancies advertised in a job shop run by British Coal Enterprises (BCE), a subsidiary of British Coal. Set-up in the wake of the 1984-85 miners' strike, BCE tries to find jobs for ex-mineworkers and support small businesses in mining communities. These most often are not run by former miners.

BCE can claim some tangible success in settling ex-miners in new jobs. This has been won by the provision of training on the Job and Career Change Scheme, along with counselling services, job shops and career services.

These services are available for up to six months after a worker has been made redundant. BCE used to prefer applicants to have a job offer for which the training was required – something focused on by critics, which has been recently lifted.

BCE says that between March 1988 and October last year it operated 123 individual job clubs and career centres on 80 coalfield sites with 29,043 former employees registering for help, a majority of those made redundant in the period. It also spent about £16m in the period. Of those, 22,128 became active job hunters – with 1,343 becoming self-employed, 4,602 joining BCE training courses and 11,824 finding new jobs either by themselves or with the assistance of the shops.



Ex-miner Stephen Goulding, 23, looks for work at a Jobshop

Jobs on offer in one BCE shop last week included vacancies for a security guard, a warehouse operator, a cashier, a fitter and a senior engineer.

BCE has no detailed figures about the types of job taken by ex-miners who use its services. Critics – including the Coalfield Communities Campaign, which represents coalfield local authorities – claim many former miners find it difficult to find stable well-paid jobs and that the level of training received by former miners is low. Many ex-miners do not ask their former employer for assistance.

Mr John Waddington, a counsellor at BCE's Leith job club in Lancashire, where the last pit is scheduled to be closed next year, says many men go straight into another job without the need for retraining.

"Mineworkers are very adaptable," he says. Their skills are many, he adds – including those of mechanics, electricians and welders. He also points to the qualities associated with working underground – such as teamwork and loyalty to the group.

Mr Waddington says BCE does not try to force individuals into changing radically their job aspirations. "The vast majority of people want to stay in and around their communities and they just want another job," he says. "Money is of secondary importance and they are not likely to earn as much as when they were down the pit."

Former miners, he says, are not afraid of retraining, but few are interested in long-term retraining for very different types of jobs. "We try to persuade people to retrain but very few want to," he says.

The poor economic state of many mining areas is the dominant factor in many men's search for a new working life.

Mr Leonard, soon after he was made redundant, went on a short BCE-funded retraining course to become a mechanical digger operator.

"We used similar equipment in the tunnels and I thought I might get work on the motorways," he says. He was promised a job before he went on the course but it fell through later.

"I could not get any other jobs driving a digger because they all wanted experience," he says. "What is the point of retraining if there is not a job at the end of it all?"

Whether the government's new initiative to help up to 30,000 miners in the 31 pits threatened with closure by British Coal will make any greater impact on improving the job prospects and aspirations of men like Mr Leonard remains to be seen.

Some £75m has been provided by the government over the next two years to assist miners and their communities in areas worst affected by the job losses.

The initiative, which will seek to offer a variety of employment services, is being led by Training and Enterprise Councils in association with other agencies including the Employment Service – which runs government job centres – and BCE.

There is optimism among the agencies that a well co-ordinated effort could make some impacts on these communities.

It remains to be seen whether all the parties can work effectively together and whether, with the comparatively small budget, any achievement will be significantly greater than that secured by BCE.

Debt trap reported for six million homeowners

By Scheherazade Daneshkhu

MILLIONS of homeowners are trapped in debt and there can be no hope of a consumer-led recovery until government initiatives are taken to help them, according to a survey released today.

The survey, based on interviews with 35,000 people, is published by NOP Corporate & Financial, a market research company.

It estimates that more than 6m mortgage holders are in the debt trap. Of these 1.5m are in a situation of negative equity, where the size of their mortgage exceeds the value of their homes.

The rest – 4.5m – are suffering from "reduced equity," where the price of their home has fallen since they bought it.

Those in the "debt trap" are mainly in the 25-45 age band and were formerly the nation's main spenders. They are unlikely to lead a consumer recovery because they have less discretionary spending potential than before, according to the report.

In 1988 mortgage holders were spending on average nearly twice as much as non-mortgage holders on discretionary purchases (excluding groceries).

Both groups have reduced discretionary spending since then, but the survey finds that mortgage holders have cut back more.

Non-mortgage holders show a greater propensity to save than mortgage holders. Savings account for about 13 per cent of their expenditure compared with 9 per cent for mortgage holders.

Success in reducing the rate of inflation is a "Pyrrhic victory", says the report, given high real interest rates and low monetary growth, which have squeezed recovery.

Job losses and fear of unemployment remain the main causes of consumer caution, it says. It doubts the possibility of a consumer-led recovery unless the government initiates measures to alleviate the debt burden, particularly for those with negative equity.

Personal Finance Overview. NOP Corporate & Financial, Tower House, Southampton Street, London WC2E 7HN. £50.

PIA wins qualified approval from building societies' body

By Norma Cohen, Investments Correspondent

THE Building Societies Association, support from whose members is crucial to the success of the Personal Investment Authority, yesterday gave the new body qualified approval. It added that its members were still deciding whether to join.

"Building societies welcome the establishment of the PIA," said Mr Mark Boléat, association director-general.

"Contrary to some suggestions, societies have not decided to reject the new regulatory body. Those societies which are eligible (and most are not because they are tied agents of life companies) will carefully consider the detailed prospectus when it is issued before making a final decision."

The association is the trade body for UK building societies and most of its members earn additional income selling products such as endowment and life insurance policies and unit trusts.

Life insurance companies have said they would not agree to join the PIA unless banks and building societies also joined. Privately, both banks and building societies have expressed little enthusiasm, saying they prefer to remain members of other self-regulatory bodies.

The association fears that the PIA will extend its regulation into areas of mortgage business and deposit-taking, and said those areas should be banned from the PIA's charter.

It also said that the proposed board of 30 members was too large and that 15 would be more appropriate. Its members would want to be "properly represented" on the PIA board.

● NFIFA, the UK's largest trade association for independent financial advisers, yesterday hit out at proposals from Mr Mick Newmarch, Prudential Corporation chairman, for statutory regulation to replace the current system of self-regulation.

Mr Garry Heath, NFIFA chief executive, said: "Mr Newmarch is trying to return regulation to the same basis that caused the Barlow Clowes and Dunsdale scandals, both of which were perpetrated during the direct statutory regulation of the DTI."

BBC to limit magazine promotions

By Raymond Snoddy

THE BBC will today stop promoting its magazines by showing glossy "moving" advertisements and by mentioning them in programmes.

The corporation has given undertakings to Mr Neil Hamilton, corporate affairs minister.

The BBC will now be allowed to promote its magazines only with "still" items between programmes. The items will be limited to the name, price, publisher and availability of the magazine. That information will have to be accompanied by a "general statement" about the availability of magazines with the same broad content.

The change follows a Monopolies and Mergers Commission report that said the BBC's use of free airtime to promote its magazines had distorted competition among food, cookery, television listings and gardening magazines.

The MMC called for an end to "moving" promotional items and restrictions on "still" ones. Mr Hamilton went further by saying that competing magazines also had to be mentioned.

Mr Hamilton said yesterday that in view of the commission's concern he had asked Sir Bryan Carsberg, director-general of fair trading, to continue to monitor the effects on competition of on-screen BBC promotion of its magazines.

The MMC inquiry stemmed from an investigation by Mr John Sadler into cross-media promotion.

Copyright plans spark concern

By Raymond Snoddy

BRITAIN'S broadcasters are to complain to the European Commission over a planned change to a draft directive that they believe would discourage film and television production.

The legal affairs committee of the European Parliament this week accepted an amendment that would mean that the "authors" of an audio-visual work should be its creators.

UK broadcasters believe that the decision means the main copyright owners in a film or television programme would be people such as the director and scriptwriter rather than, as at present, the producer and broadcasting company.

Mr Mike Chattin, industrial relations adviser of the ITV Association, said yesterday: "This reduces the status of producers and broadcasters and profoundly changes how copyright is exercised.

"It will discourage investment in programmes and co-productions and lead to more programmes being acquired from outside the European Community." The BBC and Channel 4 as well as ITV are concerned.

ITV believes that the amendment would change the UK concept of broadcasting copyright – under which producers and broadcasters are deemed to be the authors and to have first copyright – to the French definition of authorship. This definition includes people such as directors, scriptwriters, adaptors and music composers involved in the creation of the programme.

The amendment to the draft directive on harmonising the term of protection of copyright was proposed by Mr Leon Schwartzenberg, a French Socialist MEP, who suggested that the Anglo-Saxon law which identified the producer as author was "unjust".

Shipper forces lower port tariff

By Ian Hamilton Fazey, Northern Correspondent

ATLANTIC Container Line yesterday forced lower charges on Mersey Docks and Harbour Company in exchange for an agreement to keep using the Port of Liverpool for four years.

Bilspedition, ACL's Swedish owner, wants to sell the loss-making shipping line.

The deal includes Hapag Lloyd, with which ACL has a five-year cargo sharing agreement. Other shipping companies have been making similar agreements to try to counter the downturn in transatlantic trade.

ACL hopes more shippers will take space on its vessels to take advantage of the lower charges. It says this should bring more volume to Liverpool to help compensate for lower unit revenue.

Neither ACL or Mersey Docks would say how much Liverpool has had to drop prices to keep its position as ACL's sole UK port for its weekly service to the north American ports of Halifax, Nova Scotia; Portsmouth, Virginia; Baltimore, Maryland and New York.

Mr Wieger Koornstra, ACL's executive vice-president, has negotiated lower prices with Gothenburg in Sweden and is in talks with Le Havre in France. He said there was an imbalance in cost-sharing between shippers and carriers which could not go on.

Liverpool hopes partially to offset its tighter deal with ACL by exploiting the port's developing role as a transatlantic hub redistributing cargoes to and from the Iberian peninsula, the eastern Mediterranean and West Africa.

Mr Trevor Furlong, Mersey Docks managing director, said securing an ACL deal, in the light of the recession and uncertainty, was critical to the UK manufacturing industry – 45 per cent of which is within half a day's drive of the port.

The port has reduced turn-round time for trucks to 40 minutes to ensure companies as far south as Coventry minimised transport costs. ACL's five 57,000-tonne container ships are each turned round within a single tide.

Mr Koornstra said the seaborne transatlantic trade balance favoured the US with 20 per cent more eastbound cargoes.

New attack on Bank's BCCI role

By Ivor Owen, Parliamentary Correspondent

RENEWED demands were made in the Commons yesterday for the resignation of Mr Robin Leigh-Pemberton, the governor of the Bank of England, for failing to act early enough against the Bank of Credit and Commerce International.

During a five-hour debate on Lord Justice Bingham's report on the BCCI affair, MPs on both sides of the House protested that Mr Leigh-Pemberton, by continuing in office, had not accepted responsibility for the inadequacies revealed in the Bank's discharge of its supervisory role.

Mr Leigh-Pemberton was condemned by Mr Alistair Darling, from the Labour front bench, and by Mr Alan Beith, Liberal Democrat Treasury spokesman.

Mr Terence Higgins, Conservative MP for Worthing and a former chairman of the Treasury select committee, also emphasised that there had been "a serious failure" in the regulatory mechanism operated by the Bank.

Mr Anthony Nelson, economic secretary to the Treasury, dismissed demands for Mr Leigh-Pemberton's resignation, insisting that the governor had behaved "in a wholly proper manner".

He said that in his evidence to the Treasury select committee Mr Leigh-Pemberton had demonstrated that measures had been taken to redress the criticisms made in the Bingham report.

Mr Nelson again refused to accept that the government should accept responsibility for compensating BCCI depositors and staff because the Bank had not closed it before July last year. While the Bingham report criticised the timing of the Bank's decision to force BCCI to cease trading, it had not found negligence.

Mr Nelson reminded the Bank's critics that some BCCI depositors would have preferred it to continue trading after July.

He said the Bank's "prime responsibility" was to protect depositors and that this would not have been achieved by "premature foreclosure".

Mr Darling said BCCI had regarded the Bank as a "soft touch – and I have to say indeed it was".

He argued that either Mr Leigh-Pemberton should have accepted the logical consequences and resigned, or Mr Norman Lamont, the chancellor, should have told him to do so.

Mr Darling accepted that Mr Leigh-Pemberton might well have asked Mr Lamont why he had not resigned over sterling's devaluation following its departure from the European exchange rate mechanism on Black Wednesday, September 16. Problems were arising because of the failure of anyone in the government to accept responsibility for their actions. Mr Darling added that this failure was "debasing public life".

He claimed that if the same people responsible for the regulatory functions of the Bank were to continue in their posts, the question that was bound to be asked was: "When will it happen again?"

He said that those who had suffered losses believed they were entitled to compensation because Mr Lamont stated in July last year that he would be prepared to consider it if the Bingham report showed that "blame" attached to the Bank.

Referring to Mr Nelson's emphasis on the fact that there had been no finding of negligence, Mr Darling said: "I challenge anyone to say that the Bingham report says no blame attaches to the Bank of England."

Mr Nelson rejected calls from both sides of the House to end the Bank's dual responsibilities for supervising the banking sector and for the management of the government's monetary policy.

He said that the separation of the two roles would involve a great deal of administrative upheaval and loss of continuity.

Fees of £1m a week 'a scandal'

By Ivor Owen

FEES charged by the accountants and lawyers involved in the winding-up of the collapsed Bank of Credit and Commerce International are amounting to about £1m a week, Mr Anthony Nelson, economic secretary to the Treasury, told the Commons yesterday.

Mr Keith Vaz, Labour MP for Leicester East, who has headed the campaign on behalf of BCCI depositors and staff, described the liquidators' fees as "a scandal".

He said: "They are becoming rich on the victims' money while the government stands by and watches."

Mr Nelson emphasised the importance of the liquidators, and said that it would be improper for the government to "lean on them" in any way.

To date, he said, the liquidators' fees and expenses had amounted to about £69m.

The fees to date include £28m incurred before the winding-up order on January 14 this year, and a further £48m incurred since then, Mr Nelson said.

Legal authorisation has been secured for the payment of fees up to April 15. Since then, the liquidators had drawn on account fees which had yet to be formally approved, but with the authority of the court and with the approval of the creditors' committee.

Mr Nelson added that legal and other professional fees amounted to some £22m.

Family companies put in receivership

By Ian Hamilton Fazey, Northern Correspondent

THE BUSINESSES of the Kumar brothers, which include an 84 per cent holding in Birmingham City Football Club, a chain of high-street womens' clothing shops and a Manchester-based wholesale clothing operation, have been put into receivership by the liquidators of Bank of Credit and Commerce International.

BRS Kumar Brothers – owned by Mr Bimal Kumar, Mr Ramesh Kumar and Mr Samesh Kumar – owes £6m to BCCI, secured on the company's assets. The money was loaned by BCCI to help finance the group's expansion during the 1980s.

After BCCI was shut down last year the brothers split their businesses, setting up a company called Kumar Bros International. This now has a £30m turnover from womens' casual fashions and owns the chain of shops, which stretches from Leeds to Sunbury, Surrey.

Leonard Curtis and Partners, a firm of accountants appointed joint receivers of BRS Kumar Brothers earlier this week, has now also been appointed receivers of Kumar Bros International.

A High Court hearing will resume next week over ownership of former BRS Kumar assets to determine whether the receivers can pursue BCCI's claims against the new company.

Mr Charles McMillan, Manchester partner of Leonard Curtis, said yesterday: "It is claimed that in July 1991 BRS Kumar Brothers transferred all its trading assets and some of its liabilities into Kumar Bros International, leaving behind only the deeds to the properties and the shares in the football club.

"We have been appointed to realise the assets of BRS Kumar, but this will not satisfy the creditors in full. We will continue to trade the businesses in order to best preserve the assets for all concerned."

Staff at the companies' Manchester headquarters yesterday claimed the businesses were not in receivership. Warehouse staff said they were unaware of what was happening, but feared for their jobs.

The Kumars took control of Birmingham City in 1989, with Mr Samesh Kumar becoming chairman.

Impatient CBI ready to reject platitudes

Michael Cassell says business wants action from the government

THE Confederation of British Industry assembles tomorrow in Harrogate, sagging under the weight of recession, but with high expectations that the government is about to put the flesh on the bones of its strategy for growth.

Last November, delegates attending the CBI annual conference in Bournemouth complained about "two lost years" in the struggle for economic progress. A year later their allegiances and patience are stretched to breaking point.

Industry's despair over an ailing economy cussedly refusing to revive has been heightened by the damaging uncertainty of recent political drift.

As a string of cabinet ministers take their turn on the CBI platform, with the Autumn Statement only days away, they will be left in no doubt that business leaders have no interest in more political platitudes.

Mr Howard Davies, who will be addressing his first CBI conference as director general, says: "We have told the prime minister and the chancellor that we are not yet in a slump, but that we soon could be. We have reached a critical point.

"Perhaps now is not the time to put the boot in, but we have to make clear we expect immediate action. For them to do nothing is not an option. It would be inconceivable."

The CBI will use the conference to announce its plan for reviving the manufacturing sector, the outline of which were put to the prime minister last week. Beside specific recommendations for action, it sets out the ground rules for a new partnership with government which the CBI believes ministers have already started to embrace.

The CBI wants to see some evidence of the new approach from ministers arriving in Harrogate. In particular, Mr Michael Heseltine, trade and industry secretary, will find himself on the spot.

Business has watched him engage in what Mr Davies calls a "pretty half-hearted" attempt to make his department a more effective conduit between government and industry – but the CBI expects much more.

"So far we have got a draft prospectus for a programme of one-stop advice shops," says Mr Davies. "But has he won any important battles yet?" A conference announcement of a substantive policy change would, he says, help provide the answer.

The CBI is particularly anxious to pin Mr Heseltine down on the question of his expressed intention to "intervene before breakfast" and wants a precise definition of what the minister means.

"We do not want interference all over the shop," Mr Davies stresses. "We want a working partnership and a proper dialogue."

He is encouraged, if sceptical, about the commitment from Mr Norman Lamont, the chancellor, to examine all policy proposals in the light of their impact on industry.

"We hope the Treasury understands what he said," says Mr Davies. "It means they ought to be ready to discuss public expenditure priorities and the balance of taxation strategy with industry.

"We are not suggesting the CBI should take over the Treasury, but we need the chance to go back to first principles. Traditionally, there has been no discussion with industry; we simply do not meet.

"In the early stages of the latest public expenditure round the Treasury did its usual number. 'Infrastructure? – forget it! Training budget – watch out!' That attitude must change and we intend to shamelessly exploit the chancellor's pledge." Industry believes the Autumn Statement offers the government a last golden opportunity.

Apart from a shift from current to capital spending, a clampdown on public sector pay and a linked cut of 2 percentage points in interest rates, it also sees the case for a supplementary package of proposals to further stimulate the economy. Expectations at Westminster are that something may be on the cards.

"The government has to cut through the clichés about the need for confidence. It needs a high-profile, dramatic announcement which proves its change of approach," Mr Davies says.

Evidence of a change of heart, says Mr Davies, might soon include lower electricity prices for large users, improved Exports Credit Guarantee cover and some "sympathy" on investment allowances. Tax cuts, he says, should be off the agenda.

He also favours a specific initiative aimed at stimulating the housing market, possibly involving cash for housing associations to buy repossessed homes. Lower interest rates alone, he says, will not revive a market in which buyers believe asset values will continue to fall.

Lydia van der Meer

Howard Davies: the government doing nothing "is not an option"

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The parochial strain

AFTER THE long economic recovery of the 1980s, in which capital flowed ever more freely around the globe, it was always on the cards that the 1990s would be a more introspective decade. Tuesday's outcome of the US presidential election, fought by the victor Mr Bill Clinton almost exclusively on domestic issues, confirms that prognosis; and the all-too-plausible threat of a trade war between the US and Europe, now acute after the resignation this week of Mr Ray McSharry as European negotiator for the Gatt talks, accelerates the trend. Even the supposedly communautaire Mr John Major, after squeaking home in Wednesday's Commons vote, appeared to succumb to the parochial tendency in his own ranks when he announced that final ratification of the Maastricht treaty would be put back until after the second Danish referendum next May – a curious way to celebrate a victory.

In the week after Halloween the ghost of 1930s bilateralism is on the loose, political leadership is a questionable commodity and the world looks prey to a mean-spirited impulse. Yet the markets seem wholly unbothered by the darkness of the picture. With the outcome of the US election largely discounted, Wall Street is still at heady levels and the dollar has been cheering from the sidelines. While US long bond yields crept upwards over the week on well-justified fears of looser budgetary policy under Mr Clinton, the resulting fall in bond prices is precisely the opposite of what happens when markets confront a 1930s-style slump. In Britain, meantime, gilts were similarly buoyant after Mr Major's victory, reflecting relief that the government had not been blown further off-course.

Gatt fall-out

The insouciance may be overdone, at least where trade is concerned. After years of tortured haggling and the inescapable brinkmanship that accompanies all trade negotiations, the Uruguay Trade Round is no more than a blur in the markets' perceptions. Apart from a sudden fall yesterday in those French stocks which were judged to be potential victims of US retaliation, the fall-out from the row over farm trade has been negligible. Yet the odds have shortened considerably on a mutually destructive, tit-for-tat transatlantic trade war.

That said, the parallels with the 1930s are inexact. The Federal Reserve could hardly be accused of pursuing a tight monetary policy of the kind that throttled the US economy in the Slump. Mr Clinton, the fiscal activist, has, so to speak, arrived early on the scene: Franklin Roosevelt, author of the New Deal, did not replace Herbert Hoover until early 1933, well after the introduction of the Smoot-Hawley tariff.

There is, moreover, a striking trend towards fiscal expansionism world-wide. The Japanese, despite political uncertainties arising over the latest bribery scandal, are still intent on a fiscal boost of unprecedented proportions. Despite some warlike rhetoric before next week's Autumn Statement on public expenditure, Mr Major's government is not fiscally puritanical.

As for continental Europe, the slide into increasing fiscal deficit has been one of the more striking characteristics of the 1990s. Indeed, it is the German people's reluctance to pay for unification, and the resulting budgetary consequences, that provides the underlying economic explanation for the tide of discontent about Maastricht that has been sweeping across Europe this year.

Sterling escape

Against a background of recession at home and slower growth in the rest of Europe, Britain's escape from the disciplines imposed by the Exchange Rate Mechanism looks more convenient by the day. Sterling is back in its old, comfortable position between the D-mark and the dollar; and with short term interest rates coming down, Britain has a steeper yield curve – increasingly like the one that helped generate an annualised 2.8 per cent growth rate in the third quarter in the US. Since the forward markets are already pointing to sterling interest rates of little more than six per cent within the next year, the pound is probably less vulnerable to falling rates than some have feared.

But Britain could still find itself caught in the cross-fire if the European Community is foolish enough not to disengage from the incipient trade war. And for large British multinationals, Mr Clinton's arrival spells trouble of a different kind. The present arbitrage whereby they borrow in the US to invest at higher returns in UK deposits, thereby generating UK profits that reduce their advance corporation tax bills, has already been hit by the rising dollar.

Those same multinationals may now fall victim to Mr Clinton's attempt to find new sources of tax to mitigate his budgetary problems. If there is good news this week, it is that Mr Clinton brings a message of hope to the American people; and the world needs its remaining superpower to be strong and stable. The worry for the markets is that it will take so much time to establish whether the president-elect is up to the job.

David Dodwell answers the questions arising from the crisis in the Uruguay Round of Gatt negotiations

Trade war: what it means to you

1. What difference has the Gatt made to my daily life?

More than you realise. The rapid growth of world trade since the end of the second world war – much of which was made possible as a result of reforms negotiated under the General Agreement on Tariffs and Trade (Gatt) – has played a critical part in boosting incomes, jobs and national wealth, as the charts show.

The rise in trade doesn't just mean a wider variety of goods on the shelf at Sainsbury or K-Mart, it also means lower prices from producers, who have to be more efficient because of the competition they face through open trade.

For companies, improved trading opportunities have led world economic growth over the past four decades. More than 50 per cent of the UK output of ICI, Courtaulds and British Aerospace is exported.

Successive trade rounds under Gatt have cut average tariffs on manufactured goods from over 40 per cent in the 1940s to less than 5 per cent today.

2. How – and how successfully – has the Gatt policed world trade?

Perhaps the most important single contribution of the Gatt is "national treatment" embodied in its "most favoured nation" (MFN) principle. What this means is that any trade concession offered by one country to another must be extended to every other country. So if the Ivory Coast were to cut all import duties on, say, trousers imported from Mauritius, then it would be forced by Gatt rules to do the same thing for trouser-makers in every other country.

Its next critical rolé has been to act as an "honest broker" if two countries have a trade dispute. Without this, small countries – particularly those in the developing world – fear they could be bullied into disadvantageous trade arrangements by larger nations.

The failure of the Gatt to find a solution in the present US-European Community dispute therefore creates a crisis which goes to the very heart of Gatt's credibility. By declaring sanctions against the EC – initially of just \$300m, but potentially amounting to \$3.7bn – the US is serving notice that it has run out of patience with the multilateral dispute settlement system provided by Gatt. If it and other countries now proceed down the route of bilateral dispute settlement, the law of the jungle will follow.

3. What is the "Uruguay Round"? Why is it named after an obscure Latin American country and why has the negotiation dragged on for six years?

Of the eight negotiating "rounds" since the birth of the Gatt in 1947, the Uruguay Round, launched in the coastal resort of Punta del Este in Uruguay in 1986, is by far the most ambitious.

It has embraced previously taboo areas such as trade in farm products and in textiles and garments. It has also for the first time made demands on developing countries, calling on them to open their markets to trade in services, and to enforce strict laws on patent and copyright protection.

It has involved an unprecedented number of countries – 105 as opposed to just 23 signatories to the first "Geneva Round".

This helps to explain why the round has taken so long – though it is worth remembering that the Tokyo round took six years to complete (from 1974-1979). Another headache has been recession in the major industrial economies, which has made it tougher for national negotiators to ignore protectionist pressures from industrial and trade union lobbies at home.

Nevertheless, by the end of last year agreement was reached on most of the subjects covered by the Round, in the so-called Dunkel draft, named after Mr Arthur Dunkel, Gatt's director general. Agriculture was the most important exception.

4. Why should I care about the Uruguay Round? What difference would it make if it reached agreement and what would happen if it collapsed? Would it help to end recession?

Some of the reasons for caring should already be apparent. By reducing the subsidies paid to farmers in the EC and US, a successful conclusion to the Uruguay Round would mean lower food prices. Sugar prices inside the EC are about three times the world price, for example. The phasing out of the complex Multi-Fibre Arrangement, which sets quotas, and hence prices, for textile products, would also mean cheaper clothing.

A successful round would boost export opportunities for every one of the 105 countries involved. For industrial countries, agreement would particularly help chemicals and pharmaceuticals exporters (who are wary of selling to developing countries at present because of poor patent protection) and service-sector businesses such as banks and insurance companies.

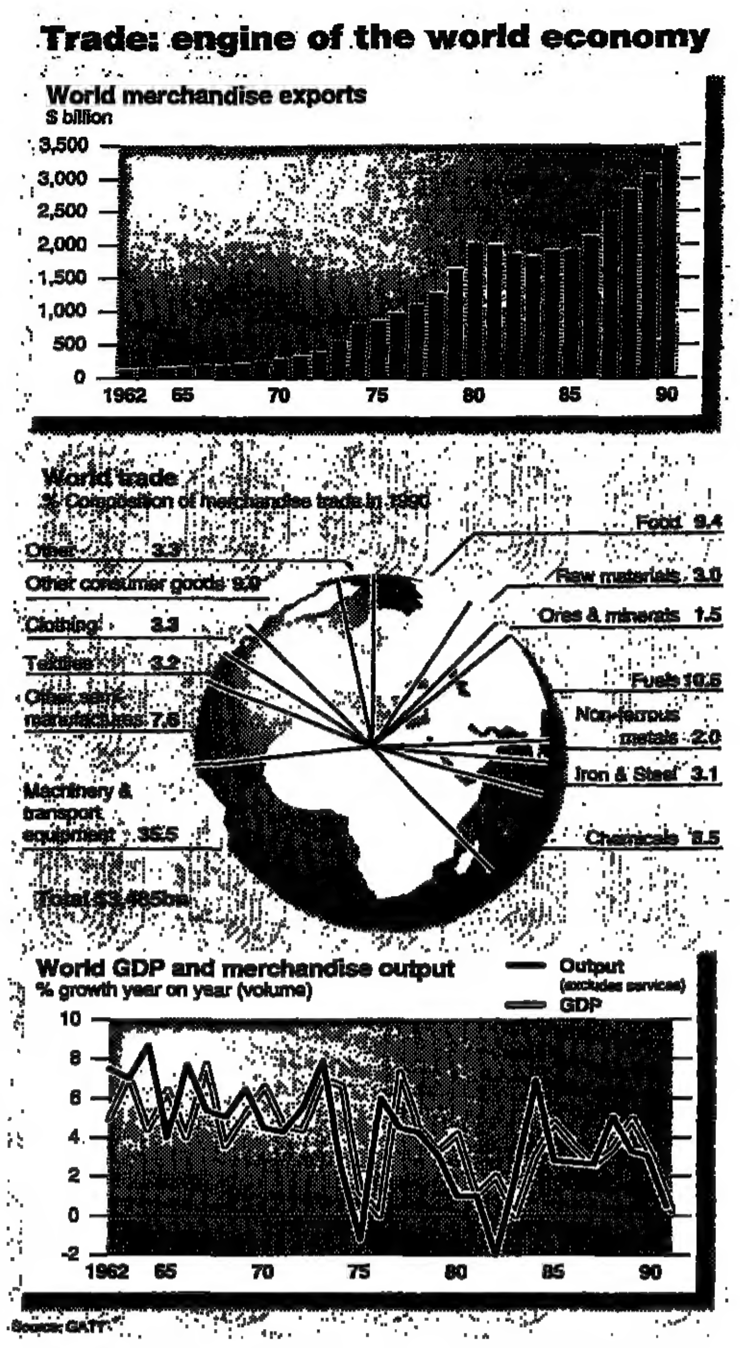
For exporters in the developing world, agreement would increase prices for farm exports ranging from timber to tropical fruits, and new opportunities for textiles and garment manufacturers.

The Organisation for Economic Co-operation and Development in Paris estimates that a successful round would add about \$100bn a year to world trade. It is impossible to say how many new jobs that amounts to, but the increased business would certainly help the international economy recover from its current recession.

If the talks collapse, then these potential gains will be lost. But worse, a tit-for-tat trade war would lead to higher tariffs, higher prices, reduced sales, lost export opportunities and lost jobs.

5. Who would bear the blame if these negotiations were to fail? Would it be the fault of the French? And what about the US and the other hundred or so participants?

As far as farm trade is concerned, *neither the US nor the EC is blameless*, but it is hardest to find sympathy with the EC regime and the EC's protectionist attitudes. The US has, to its credit, been on the liberalising side of the argument. The EC has been dragged kicking and screaming in that direction. This is so even though the EC farm subsidy regime costs Europeans as consumers and taxpayers around \$120bn a year. The French are the main beneficiaries of the status quo and have resisted reform most fiercely.



But the French have support from farm producers across southern Europe. The German government can also be blamed for refusing to use its weight inside the EC to force the French to compromise.

6. Why does farm trade matter so much in these negotiations? Have all the other issues been resolved?

It is baffling that farmers – who account for less than 11m people out of Europe's 340m population – can hold the rest of the population to ransom. The reason is that powerful lobby groups and the composition of electoral constituencies give the agricultural community an exaggerated influence in Europe's democracies.

The French have argued that farm trade could be dropped from the package – as it was in past rounds. This is not possible because developing countries who are being asked to open up their markets to our banks and insurance companies say they will only do so if the industrial north in turn opens its markets to their farm products.

It is also important to remember that the US-European Community farm row is only one of the obstacles to wider multilateral agreement. If a deal had been found on US-EC farm trade, Japan or South Korea – both of which are refusing to open up their markets to rice imports – might have frustrated progress towards a multilateral deal.

7. Why does an economic superpower like the US care so much about an obscure farm product like soyabeans?

Oilseeds – which include soya beans, sunflower and rapeseed – may seem obscure, but they are critically important. We are all aware of them as cooking oils, but they are also used in animal feeds, and as lubricants in industry.

Nor is trade so small. The US is the world's largest OECD producer – accounting for 63m tonnes out of world production of 86m tonnes in 1991. It is also the world's biggest exporter, selling over 18m tonnes last year. The EC is the world's biggest importer (14m tonnes last year), and so is a much-coveted market for US farm exporters.

The oilseed is also important symbolically: EC subsidies to oilseed producers mirror subsidies across the farm sector. As the dispute has dragged on, with the EC defying two Gatt rulings which condemned its subsidy regime as a violation of its commitment of the early 1960s to provide duty-free access for soyabeans, the impasse has also come to symbolise the shortcomings of the Gatt dispute settlement system. This threatens the reputation of Gatt itself and the multilateral trading system it stands for.

8. What is a trade war and why would it matter to me? Which companies would be most vulnerable?

Trade war is death by a thousand cuts. "Punitive tariffs" on one product are matched by tit-for-tat "counter-retaliation". They would then spread to other products. The first signs would the disappearance of certain products from the shops and higher prices. Then jobs would be lost as export-dependent companies started to lose business.

9. Will the world divide into regional blocs and, if it does, would that make the Gatt just four dead letters?

There is a danger this could happen. The EC and the North American Free Trade Area are already clearly defined trading blocs. In the EC 62 per cent of exports last year were between member states. There are also moves to create trade areas in Asia and South America.

But these trading areas are no substitute for global free trade. In 1991, the US sold 36 per cent of its exports to the EC and Japan. Japan in turn relies on the US or the EC for 48 per cent of its exports. In short, the world economy is too interdependent for regional trading blocks to provide save havens from a trade war.

10. What difference might the election of Bill Clinton make to world trade?

The first result of Mr Clinton's election was to undermine the credibility of the current team of US negotiators. Just when talks were at a particularly delicate stage, the US negotiating teams of the past six years found they were about to be replaced. It is uncertain what mandate they will have to speak for the US in the hiatus before Mr Clinton becomes president.

It is even more uncertain whether Mr Clinton's incoming team will share their priorities. A decision at this stage to inject new demands into the Uruguay Round could well be ruinous.

Mr Clinton steered clear of trade issues during the election campaign. Democratic Party aides say this was deliberate, to keep his options open. They say he is a free trader in principle, but one cannot ignore that his victory was underpinned by support from powerful protectionist interests – among them trade unionists and environmental lobbyists.

The talk of 'this town'

Jurek Martin on the prospect of a new Camelot-on-the-Potomac

For the first time in what another politician in another country would call a very considerable number of years, there is a sense of anticipation in this town. Washington DC, the nation's capital, whose real name actually is "this town", is ready, even overdue, for a change.

For 20 of the past 24 years, the social tone has been set by Republicans. President Nixon made furtive looks and hidden tape recorders all the rage, while President Ford brought back a taste for English muffins. The Reagans, of course, were pure west coast glitz, reeking money, and the Bushes a somewhat dowdier Yankee version of the same, and this town was comfortable with both until the Bush administration began to fall apart. The only interruption was Jimmy Carter, of whom this town will only allow that he is the best *former* president of the lot, a testament not only to his good works but to the fact that he does not live here any more.

Logically, the welcome mat should be out for the Clintons, because this is a very Democratic place. It voted for George McGovern, Walter Mondale and Michael Dukakis, and on Tuesday gave only 9 per cent to the man with the Pennsylvania Avenue address and 85 per cent to somebody whose only local connection was three years as an undergraduate at Georgetown University, which perches charmingly over the trendiest part of town.

Politics may be the life-blood of Washington, but it is not the only legal substance coursing through its veins. Alongside the "plum" book, which lists the 3,000-plus political jobs now subject to the patronage of the new president, there is the "blue" book, a compilation of the most socially respectable people in this town. It contains lots of political movers and shakers, but it also runs to hundreds and hundreds of grand dames, lawyers, lobbyists and consultants and even, a testament to changing times, journalist types. All combine mysteriously over dinner tables and cocktail parties (though not, mercifully for the true insider, over breakfast) to pass judgment on whoever lives in the White House.


Washington newcomers: Al Gore and Bill Clinton are not strangers to the capital and its ways

Not all of the above are on the far side of 50 years old, and neither are the Clintons and Gores. There are other affinities, too. Mrs Hillary Clinton, for example, comes to this town as the first First Lady ever to possess a post-graduate degree. Washington is full of successful career women, especially in the law firms, where it is not uncommon to hear it said that she is more qualified to serve as attorney general than was Bobby Kennedy, appointed to the post by his brother. But the social arbiters would be horrified if this were to happen, simply because this is not what a First Lady is here for.

This town has also begun to work out that these are not fried chicken-eating, beer-guzzling, country music-addicted "hicks from the sticks" who are moving in from Arkansas. In fact, unlike Mr Carter's Georgian mafia, many are not from Arkansas at all and quite a lot of them already live here. The common characteristic of all the many interlocking networks the Clintons operate – covering Georgetown, Oxford, Yale, the Democratic Leadership Council, the loosely formed FOBs ("friends of Bill"), and the annual Carolinian retreat group known as Renaissance – is that they are all mostly composed of successful, professional people.

Jesse Jackson once unkindly dubbed the DLC the "Democratic Leisure Club". Merely watching the golf bags and the expensive matched luggage sets being unloaded from aircraft at its annual convention in New Orleans last April proved the Rev Jackson's point. They might like to talk politics and policies all night, but they will do it over good wine and decent food.

They also have short hair. Jean-Marc, a veteran local hairdresser as Gallic as when he came here 20 years ago, is unworried that his creative art might thus be stifled. "With ze Republicans, a few people 'ad a lot of money. I want a lot of people to 'ave a lot of money."

Most other local business people concur. This town's economy is no longer insulated from the general malaise. Two old Washington department stores have recently gone under and the real estate market is seriously sagging. Good housing here might cost three times as much as it does in Arkansas, but if the new cave dwellers are coming from Los Angeles, Boston and New York, or if they are already here, they will not notice much of a difference.

There will be high expectations in other ways for the Clintons. Some keen-eyed observers, picking up on Kennedyesque inflections in some of the president-elect's recent speeches, have begun to muse about a new Camelot-on-the-Potomac. Frank Mankiewicz, who was Robert Kennedy's press secretary, pointed out yesterday to The New York Times that Mr Clinton went to Georgetown and Al Gore to St Alban's, the exclusive local private school. In contrast to the Carter crew, "these are not people coming to town scorning Washington, or afraid that they'll be scorned".

Probably the great single arbiter of Washington taste will not be scorning them. Mrs Pamela Harriman (born to a noble English family, formerly Mrs Randolph Churchill, formerly married to Leland Hayward, the Broadway producer, and widow of that great statesman Averell Harriman) is much more than the most charming and grandest of dames. She has for years been one of the most effective Democratic fund-raisers and has been in on the ground of many important party deliberations.

In Little Rock on election night, she was an early and outspoken Clinton supporter, to the extent that there is even gossip that she will be rewarded, bringing her wheel full circle, with the ambassadorship to the Court of St James.

But, she was quoted yesterday, "I haven't waited to get a president for 12 years then to leave Washington." With friends like her, Bill and Hillary Clinton can expect a reasonable honeymoon in this town, at least until the political wheel starts grinding again in earnest.

Project still stuck on the shelf

The British Library's new building has a troubled history, say **John Willman** and **Andrew Adonis**

Dr Brian Lang, the eloquent Scottish anthropologist who is chief executive of the British Library, is a frustrated man. The delay announced this week to the opening of the library's controversial new building beside St Pancras station in north London has led to a reprise of stories about the project which portray it as another great British disaster.

Cost overruns, bad project management, architectural design criticised by the Prince of Wales, protests from users who are reluctant to leave the historic British Museum reading room in Bloomsbury – it has a familiar ring.

Now problems with the paint finish of 300km of moveable shelving will delay the opening of the library – set five years ago for March 1993 – by at least 18 months. But while Dr Lang describes himself as "desperate" to get into the building, he is equally frustrated by the negative publicity for the new library.

"The building is a bold project, imaginative and full of flair," he says. "It will be a centre of excellence when it is opened, and one that the nation can be proud of."

Yet almost since its inception, the new British Library has been dogged by controversy and financial problems. Conceived in a 1971 white paper, the plans have repeatedly fallen victim to pressure on public expenditure.

No sooner had the then education secretary Shirley Williams given the go-ahead to the first phase in 1978, than a change of government and intense pressure on public spending led to delays and budget cuts. When work eventually started in 1982, money was so short that only half of the first phase was begun, creating a building that would have been all but useless had the other half not been completed.

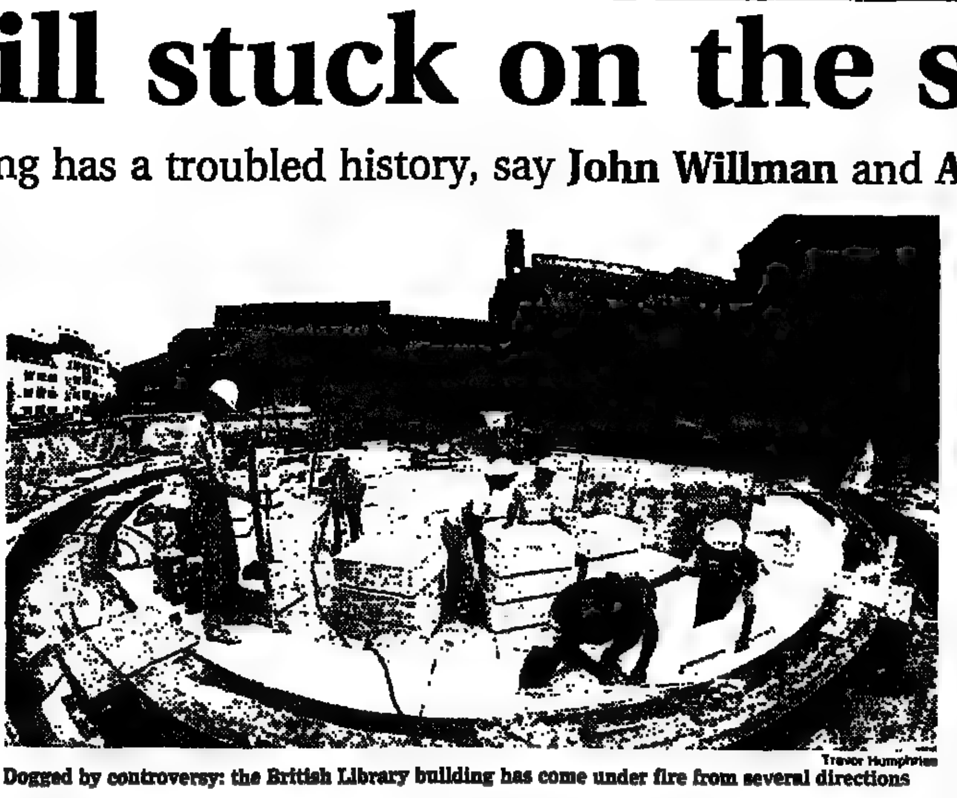
Each year thereafter, the Office of Arts and Libraries (OAL), doled out whatever money it had managed to wring out of the annual public expenditure round. Hardly surprising, then, that a 1990 report on the project from the National Audit Office suggested that this annual drip feed had wasted resources.

The same report also found that the early stages of building had been dogged by a bizarre project management system which could only have been tolerated in a non-commercial environment.

The money for the new library came from the OAL budget, but was spent by the Property Services Agency, the government's property maintenance and building wing. The OAL and the Library were supposed to be involved in managing the project through a committee which did not meet for more than three years – leaving the OAL with little authority or control over the project.

This was not an unusual arrangement for big public works at the time, but the inevitable consequence was steeply mounting bills. The first phase had originally been costed at £116m, but no overall budget was set for the project. By 1986, the government was sufficiently worried about the cost to set up a review which for the first time set a ceiling on the whole project of £450m.

Of this, £280m was for the first phase, 140 per cent more than the 1979 estimate. Much of this increase, according to the National Audit Office, was caused by rising building costs in the London property market (some of which might have been curbed if the whole project had been put out to tender at a fixed price from the outset). The NAO found that the real increase in the cost of this phase of the project was just £25m – a 20 per cent increase in real terms which stands comparison with cost overruns in other big civil engineering projects.



Trevor Humphries

Dogged by controversy: the British Library building has come under fire from several directions

Following the review, new management structures were put in place, including the appointment by the OAL of a project manager from the private sector. Responsibility for accounting for spending on the project was shifted from the Property Services Agency to the OAL, to strengthen client involvement and accountability (a change now extended to all large building projects).

But just as the government began to get a grip on the management of the project, two new rows created public relations disasters for the move to St Pancras.

The first was a broadside from the Prince of Wales against the design of the new building by architect Colin St John Wilson. In the BBC Omnibus documentary, A Vision of Britain, the Prince said that the new reading room looked like "an assembly hall of an academy for secret police", while the Victorian Gothic wonder of St Pancras station next door looked more like what a library should be.

The second was a campaign by a vocal group of academics and writers to retain the magnificent reading room in the British Museum, used by Karl Marx, W B Yeats and Bernard Shaw among others. The Bloomsbury reading room is only one of nine in London offering access to the library's users, and the desire to concentrate all activities under one roof had been a strong motive for relocating the 18m books to a single building.

This cuts little ice with aficionados of the British Museum's vast dome, such as Professor Ben Pimlott, whose biographies of Hugh Dalton and Harold Wilson were largely researched under it: "I have yet to meet a consumer who is in favour of moving. The bureaucrats don't realise that study requires an ambience as well as machinery. But it's not just the forced move from the great rotunda into an oversized public lavatory: the service and facilities in the British Museum are more than adequate."

Dr Lang disagrees strongly, citing the superior service which the library will be able to offer at the new St Pancras site. Users will have computerised access to all the library's stock in one place, with delivery of books to the user's desk within 30 minutes, rather than the 90 minutes now typical at the museum reading room. While plans to triple the number of reading room seats have been considerably scaled back by the need to find economies, there will be ample space, he says, for all who need to use the library.

More important, the new building offers much better conditions for conserving the stock, which includes valuable heritage items such as the Magna Carta. The current storage facilities are often unsuitable for preserving the printed word, with condensation running down the walls of some rooms.

"We are showing thousands of people around the new building each year," says Dr Lang, "and the reaction is invariably that it is a marvellous building which greatly exceeds their expectations of what it would be like."

All the more frustrating, then, that problems with the shelving should have led to this week's delay in opening. For, once the new building is opened – probably at the end of 1994 – much of the criticism can be expected to melt away. Until then, Dr Lang must reconcile himself to further bouts of frustration as this long-running epic moves to its final act.

Jancis Robinson and **William Dawkins** on Allied-Lyons' decision to sell Château Latour

Sour taste in Bordeaux

Like other specialist businesses, the wine trade is flattered by the intervention of multinational conglomerates, bemused by much of what they do in its particular sector, and worried by any sign that they want to get out of it.

The news that Allied-Lyons might sell Château Latour, the Rolls-Royce of claret, comes as an affront to the wine world. A sale would be the latest in a series of changes of ownership in Bordeaux, the world's largest wine region, triggered by economic slowdown. Latour enjoys an unmatched status, being one of four of the world-famous "first growths" from Bordeaux's Medoc region, the elite of a rigorous quality system introduced in 1855.

Under its new president, David Orr, who has spent most of his working life immersed in Allied's wine interests, Latour has shown a return to form with a 1990 that experts acknowledge is even better than those of Châteaux Lafite, Margaux and Mouton-Rothschild, the other first growths that are still French-owned and family-run.

The decision to sell such a corporate gem in a depressed market for both wine and wine properties therefore baffles many observers. This is particularly true since Allied acquired Latour when prices were at their peak, in 1988. Prices have since started to flatten and in some cases fall. Sale of the vineyard also seems inconsistent with the company's recent spending spree on California wineries where prospects seem much less certain than those of the great Bordeaux estate.

Allied's chairman, Michael Jackaman, is known to feel a particular affection for Latour. But a change in the group's management strategy since Jackaman and Tony Hales, the chief executive, took over last year, has prompted allied to focus on international growth brands and on raising the return on assets.

"Several people have bought properties here in recent years because they fell in love with something, or mistakenly thought wine prices would go on rising at 10 to 15 per cent per year indefinitely ... Allied-Lyons is not like that. It is a real professional," says Mr Philippe Castéja, president of the Conseil Interprofessionel du Vin de Bordeaux and proprietor of a neighbouring but less grand property, Château Batailley.

Allied-Lyons is probably looking for a sale as part of its general strategy of cutting debts and concentrating on its core activities, says Mr Sylvain Massot, food and drink analyst at Morgan Stanley in London: "Unlike Champagne, Bordeaux has never really been a business suitable for big food multinationals because it is more fragmented than Champagne and the synergies with other drinks brands are less obvious."

This is not an easy time for Château Latour, the smallest of the Médoc first growths. The 1991 vintage was severely curtailed by an April frost and proved a financial disaster throughout Bordeaux. Latour will be hurt more than most by the current downturn in demand because it tends to hold more of its own stocks than do its competitors. Rivals sell a higher proportion of wine through independent merchants to offload the cost of holding it, which Mr Castéja says is the single biggest component of a Bordeaux estate's overall costs.

In addition, recent dumping of young vintages of Château Latour by an Allied-owned British wholesaler, at prices low enough to undercut even Latour's own in-house Bordeaux merchant, have hurt its image.

Most of Latour's competitors are producing a higher return on their owners' invested capital. They either changed hands before Bordeaux estate prices peaked in the late 1980s or they have been in the same family for generations and mcuh of their assets were written down long ago. The most recent Médoc first growth to change hands is Château Margaux, bought in 1977 by the Franco-Greek Mentzelopoulos family from its previous family owners, the Ginestets for just FFr76m (£9.06m).

Any bidder would have to think hard before buying Château Latour for the more than the £100m at which it was valued when Pearson, publisher of the Financial Times, sold its 53.5 per cent stake to Allied Lyons for £58m in 1988.

Yet there are eager buyers for Bordeaux properties. Most interest has come from French insurance companies, which have over the past decade picked up around 20 Bordeaux wine businesses as steady long-term investments for their property portfolios. The leader in this game is Axa, which is said to be interested in adding Latour to its portfolio of Bordeaux châteaux, including the neighbouring Château Pichon-Longueville.

Only last June, the insurance group's wine unit, Axa-Millésimes, bought a majority stake in Château Suduirant, a top Sauternes property.

If Latour were to revert to French ownership, after nearly three decades in British hands, it would surely be forever. The Mentzelopoulos's bid for Margaux was accepted by the French government – under its foreign investment vetting rules of the time – in spite of a much higher offer from National Distillers of the US.

Yet French foreign investment controls have since been relaxed, so Allied-Lyons could make the most of offshore interest. It could well ask and get a considerable premium from any non-French bidder – perhaps an eccentric Japanese billionaire wine enthusiast, such as those who have already made inroads in France and California.

So the Bordeaux wine trade is collectively holding its breath – and an awful lot of unsold stock – in a difficult marketplace.

A few months ago, David Orr took a British fine-wine merchant out to lunch at one of London's smartest restaurants. Knowing that Latour was particularly well-promoted on the Gavroche wine list, with 13 different listings from £135 to £990 a bottle, he asked the sommelier, as part of his Latour sales pitch, how many bottles he sold in an average month. He was visibly shocked by the answer that nowadays it would only be three.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Heritage in need of support

From Ms Valerie Burton.

Sir, Your conclusions regarding English Heritage's planned disposals ("Selling the Silver", October 31 and "English Heritage cuts anger MPs", October 27) are quite right. I am one of the 300,000 members of English Heritage who will most certainly cancel my subscription if these plans go ahead. I subscribe to English Heritage not to support those famous tourist attractions such as Stonehenge, but to support the maintenance of the smaller and lesser-known sites, such as the Roman Village and Harry's Walls in the Isles of Scilly.

Sites such as these are often in remote rural areas, whose councils would be unable to afford the cost of their maintenance. They are sites, integral to the heritage of our islands, to which, by the very nature of their location, one could not charge admission. It is these smaller sites that we expect the government to fund, and not the large tourist money spinners that could be turned into profitable concerns.

I suggest English Heritage has its priorities wrong. Prior consultation with interested parties might have saved some of the furore that is now gathering pace.

Valerie Burton,
5 Hamilton Road,
Burton upon Trent,
Staffordshire, DE15 0LN

Houses now more affordable – but confidence needs boost

From Mr Christopher Jonas and Mr Richard Petty.

Sir, We take issue with your leader, "Around the UK houses" (November 3), when you say that "relative to average earnings, house prices remain quite high by historical standards". According to the latest figures published by the Nationwide Building Society, the ratio between average house prices and average earnings stood at 3.1 in the third quarter of this year. This key ratio has been falling steadily, along with house prices, since it peaked at 4.7 in June 1989.

At its current level, the price/earnings ratio is below its long-run average of 3.3 times average earnings, and below its average over the last five years of 3.9 times. On this measure, housing is more affordable now than at any time in the last nine years.

The lower price/earnings ratio is a necessary – but not a sufficient – condition for a recovery in the housing market. There is currently three years' worth of pent-up demand from first-time buyers who have held back during the slump. They lack confidence to invest in a market which has seen cataclysmic falls in value – and which shows no sign of having reached the bottom.

Decisive action is needed now from the government, fundamentally to rebuild confidence. This will not be achieved now simply by tinkering with interest rates.

Christopher Jonas,
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Drivers Jonas,
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Witness to increasing arrogance of the media

From Mr Noel A de Berry.

Sir, Returning to Britain after some years, Ian Davidson ("British patience runs dry", November 2) finds himself shocked by the volume and the violence of criticism to which the government is subjected and suggests Mr Major is in a class of his own in the depth and intensity of media criticism of his administration.

As an adult resident of this country for the last 40 years I, too, am shocked at its continuing slide into acceptance of media manipulation of its mind, and I applaud Mr Major, Mr Smith and Mr Ashdown for ignoring the amazing accusations made against their everyday ability by those who purport to speak freely for the electorate. It was refreshing recently to read in your paper that Mr Lamont does not feel he has to read it regularly.

We are witnessing, in this country particularly, an alarming (for some) and increasing arrogance among the media, which has an avarice for a new sensation a day to keep it going.

Unfortunately, a large part of the community continue to feed the media by avidly reading, listening and watching; and applauding, it would seem, that very sentiment.

We are witnessing and are powerless; unless your good journal and one or two other media quality disseminators awake to publish comment on this rumbling coup d'état to our leadership and our very constitution by those who speak and wave their hands but are unable to govern them-selves (or themselves).

They are a terrible band of brothers who maintain that "freedom of speech" means anybody can say almost anything under its banner, but whose main aim is to increase their audience and own sense of well-being.

In Britain the time for anger certainly appears to have arrived and we might start by not condoning such media activity, by not purchasing it and by speaking out against it when it appears before us.

Noel A de Berry,
115 Mawson Road,
Cambridge, CB1 2DZ

Case for increased public-sector borrowing and pump priming

From Mr Lionel Gordon.

Sir, Although the government has re-stated its determination to keep public spending in cash terms at or below the planned ceiling of £244.5bn in 1993-94 in order to contain the public-sector borrowing requirement, there is a good case to be made for allowing this ceiling to be raised – by up to £5bn or so.

Every person made redundant creates at least a triple drain on the economy – less tax receivable by the exchequer, greater social cost and reduced purchasing power. This in turn makes it less likely that desirable expenditures on health and education can be maintained.

It follows that the first imperative for the government must be, not to "kick start" the economy (an absurd and unrealistic notion), but to make sure that expenditures are directed to the twin and related goals of improving the infrastructure and creating jobs.

I question the desirability of any cuts in public spending in the current situation. It looks as though the recession will be the longest this century. For the sake of the future we should maintain expenditure on education and health, and increase that on transport and inner cities.

Investment spending is likely to have fallen 1.5 per cent this year compared with 1991. The outlook for 1993 based on intentions surveys is bleak. There are no signs of pick-up in the housing market and consumer spending continues to be held back by high levels of debt and uncertainty over the future. The boost to exports from devaluation may well be muted by difficulties in our overseas markets.

What is needed is an increase in capital spending programmes to stimulate economic activity, particularly in the hard-pressed construction sector. The effects on employment and consumer confidence would be positive and would offset any negative impact on the PSBR.

Why is pump priming an acceptable way out of recession in Japan but not here? If the objection is that the Japanese can afford it and we cannot, the answer is to fund pump priming by increasing income tax. That would also answer the inflationary objections to public spending by reducing the possibility of inflationary pressure from personal sector spending – not that there is much danger of that at present. The result of higher taxation is more likely to be lower savings. To increase income tax would, of course, be a U-turn, but what is one more change of direction after so many?

Lionel Gordon,
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Cold water treatment

From Ms Ruth Kelham.

Sir, The Dean of Salisbury (Fashion, October 31) does not give us his views on women priests, but it is obvious that to him women are creatures of fantasy who do not even belong to the same species ("these loud confident people in their black ties and these loud confident women in their extraordinary dresses").

If clerical outfitters succumb to the vapours at the prospect of dressing these delicious beings, with their glorious contours, auburn curls etc, their military or legal counterparts, who have had longer to get used to them, should be able to bring them round soon enough with the cold water of realism.

Ruth Kelham,
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Sponsorship succeeds with shared vision

From Wyn Fanshawe.

Sir, I refer to your article on sponsorship "How to get the best from your patron" (October 24).

A key point missing from your list of dos and don'ts is that sponsors and beneficiaries should share business goals and objectives.

Successful sponsorship emerges from the satisfaction of both (or all) parties knowing that objectives have been fulfilled. A frank exchange of business goals at an early stage can help identify mutual and individual objectives and the allocation and agreement of relevant responsibility. An informal partnership then arises which can only grow in strength, awareness, image and return if regularly reviewed.

The potential for sponsorship of the arts is enormous if only all parties involved share their visions and views, and combine their skills and experience accordingly.

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Shares fall by 43p after revelations in document for agreed offer for Stag

False accounting found at Spring Ram

By Angus Foster

SPRING RAM Corporation, the kitchen and bathroom furniture maker which became a favourite with City investors, yesterday fell from grace when the company announced exceptional charges of £5.6m to cover "serious misrepresentation and false accounting" at a subsidiary.

Concern about the company's internal financial controls led to a collapse in the shares, which fell 43p to 113p, wiping nearly £160m off the company's market value.

The company said the former finance director of a subsidiary, Balterley Bathrooms, overstated stock figures to boost profits since 1989. The problem was discovered in February during a final audit and the director was asked to leave.

Spring Ram made charges of £2.1m against last year's profits to cover the overstatement and thought the problem had been solved. It said it was advised by Arthur Andersen, its auditor, that the problem did not need to be disclosed.

Mr Stuart Greenwood, group finance director, said the former director's motives were not fraudulent. "We set very demanding targets and he seems to have been caught up in the success culture."

But the company discovered from the end of April management accounts that the overstatement had been more serious. Arthur Andersen were sent in again in June and are still investigating.

Spring Ram revealed the charges yesterday as it announced an agreed takeover of Stag Furniture Holdings, a furniture maker, at 160p a share in cash with a loan note alternative. Shareholders representing 49.52 per cent of the equity have accepted.

Stag shares rose 39p to close at 158p.

Panmure Gordon, the company's stockbroker, was told of the charges when preparing the offer document and advised the matter should be released to the market as soon as possible. Spring Ram said yesterday it had not announced the overstatement earlier because its legal advisers told it to delay until the full scope of the problem was known.

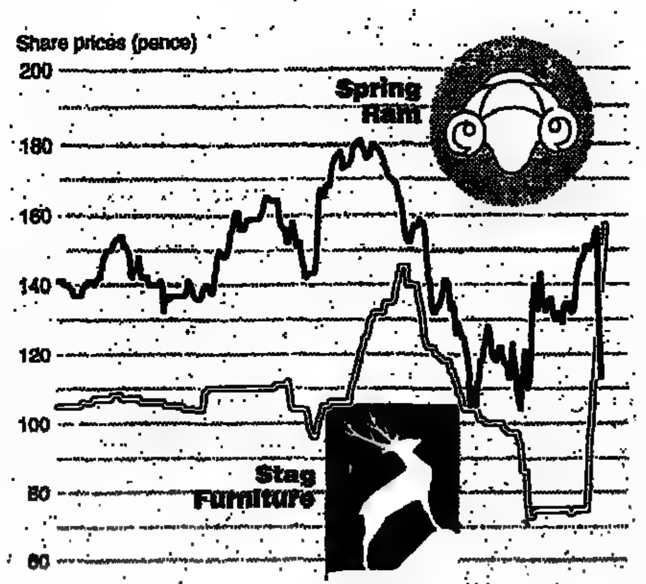
But the company was yesterday widely attacked by shareholders and analysts, who said such price sensitive information should have been made available much sooner. One analyst said the handling of the problem suggested "naivity or a cock up".

He said: "They seem to have spotted the problem all right. But you simply do not release such matters tucked away in a bloody offer document."

Mr Greenwood replied: "With hindsight, it may look like we were plodding. But we identified the problem and thought we had dealt with it. This is an isolated incident and should not undermine people's confidence in our ability to run the business."

Profit forecasts for Spring Ram are hardly changed, at about £42m. The maximum exceptional charge of £3.5m for the present year will be cancelled out by an exceptional credit of £5.8m from the sale of four non-trading subsidiaries last month. But several analysts said Spring Ram's premium rating was lost.

See Lex



Source: FT Graphite

BET sells US textile business for £42m

By Tim Burt

BET, the business services group, yesterday sold Initial USA, its US textile services business, for £42m as part of an on-going programme to dispose of loss-making subsidiaries.

The group said National Service Industries, the textiles company based in Atlanta, Georgia, had agreed to buy Initial USA's 11 plants and 19 service departments in the central and south eastern US for £37m.

BET, meanwhile, will retain £5m in notes from other companies which had bought parts of Initial USA in recent years and which should mature in the next three years.

The US disposal reflects BET's decision to streamline its five divisions and portfolio of 110 companies following a collapse in profits last year.

Yesterday's announcement also marked the biggest BET disposal since it sold Biffa, the waste management company, to Severn Trent in 1991 and was the first disposal since BET's £200m rights issue in August, which was designed to restore order to the group's balance sheet.

Although Initial USA broke even last year on a turnover of £58.5m, BET said it had suffered further setbacks in the recession and the group decided to sell the company to raise capital for reinvestment elsewhere.

"BET is redeploying its resources away from underperforming businesses towards those with better potential for the group," Mr John Clark, chief executive, said yesterday.

"Initial USA was not going to meet BET's corporate performance standards because it was not large enough to fully exploit its potential in the industrial market of the US," he added.

By comparison, National Service Industries (NSI) reported a $426m turnover in the last quarter of 1992 with a net income of $20.9m.

The sale of Initial USA, however, did not signal moves to scale back BET's other textile businesses in countries such as France, Belgium, Spain and the Netherlands where it dominates the market in renting and servicing textile products.

"This move should not be interpreted as leading to a withdrawal from the UK and continental European textile rental market to which we remain fully committed," Mr Clark said.

The group, which expects to sell a number of smaller subsidiaries in the coming months, said its disposal programme should be completed by the end of next year.

Unilever rises 9% to £571m in third quarter

By Peggy Hollinger

SHARES in Unilever, the Anglo-Dutch food and consumer products group, edged back from £11.09p to £10.80p yesterday in spite of a 9 per cent increase in third quarter pre-tax profits to £571m, against £525m.

The decline marked disappointment over the company's performance in North America, where operating profits dropped from £108m to £100m at constant 1991 exchange rates.

However, analysts said the overall return for the period to September 30, struck on sales 3 per cent higher at £6.1bn (£5.92bn) had been respectable. Pre-tax profits for the nine months rose 10 per cent to £1.46bn (£1.33bn) on sales 4 per cent up to £17.7m (£17.1bn).

"In trading terms this is a reasonable result, nothing special, but certainly nothing to be ashamed of," said Mr John Campbell of County NatWest. Mr Campbell was maintaining his forecast of £2bn for the year to December 31, based on the stronger-than-expected performance from the Latin American and Asian operations.

The disappointing return from the US during the third quarter was put down to extremely difficult trading conditions and a switch to longer term contracts with ensuing lower prices in Cheesbrough-Pond's.

The company also said a strong US consumer products business had been offset by difficult conditions in the industrial products sector.

The contribution from the Asian and Latin American companies jumped by 22 per cent to £121m. The increase was achieved by strong growth in the detergents and personal products ranges. The Japanese business continued to incur losses, although less than last year.

Europe contributed £385m, against £373m, despite tougher conditions in its two biggest European markets – the UK and Germany.

Cold weather in the third quarter hit ice cream sales, which had been particularly good in the second quarter.

Unilever cut net debt to £1.2bn, against £2bn the previous year. Gearing at the end of the period stood at 19 per cent (34 per cent) and interest costs were £26m lower at £47m.

Net profits in the three months, at constant exchange rates, were 6 per cent higher at £346m. However, using rates current in each period, the increase was 8 per cent to £350m.

Earnings per share rose 8 per cent to 18.77p (17.4) in the quarter and by 7 per cent in the nine months to 48.84p (45.82p). The company declared an interim dividend of 5.2p (5.03p) for UK shareholders and maintained the Dutch dividend at Fl 1.48.

See Lex

Hoskins rebels step up bid to remove Hoars

By Philip Rawstorne

REBEL shareholders in Hoskins Brewery, the Leicester-based real ale brewer, yesterday stepped up their campaign to remove Mr Barrie Hoar, chairman, and his brother, Mr Robert Hoar from the board.

In a letter to shareholders, Mr Richard Cattermole, leader of the dissident group, said the company's trading record under the present management had been "appalling".

Since joining the USM in 1990, Hoskins' net assets had fallen from £4.1m to £3.18m. Shareholders had received no dividends, and none could be paid until a £272,000 deficiency on reserves was eliminated.

Mr Cattermole, chief executive of Ryan Elizabeth, a pubs and hotels operator, strongly criticised the recent sale of nine pubs – "the lion's share of Hoskins' freehold land and buildings" – at a book loss of £484,000.

"At a time when other small regional brewers are busily purchasing premises on reasonable terms, it is inexplicable," he said.

There was no clear strategy for the future prosperity of Hoskins, Mr Cattermole added. "It is surely time for a change in the management."

Mr Cattermole said that if he and his associate, Mr Jeremy Lea, were elected to the board at an extraordinary meeting on November 18, they would seek to reverse the company's decline and expand its outlets and beer sales.

Neither would draw any remuneration from Hoskins until pre-tax profits had been increased from last year's £83,000 to £250,000, and a dividend had been paid.

Baldwin agrees bid for Simpsons

By Tim Burt

BALDWIN, the holidays, printing and properties group, has agreed an all-paper bid for Simpsons of Cornhill, valuing the owners of the famous City chop house at £1.68m.

But the offer was condemned by a group of dissident shareholders who tried to oust the Simpsons board at an extraordinary meeting in September.

The offer – already accepted by the Simpsons board and stockbrokers Raphael Zorn Hemsley, which together represent more than 54 per cent of the capital – will reunite two of Britain's leading restaurant executives: Mr Roy Ackerman, chairman of Simpsons, and Mr Sandy Singh, chief executive of Baldwin.

During the 1980s the two worked together as joint chairmen of the Kennedy Brookes restaurant chain which was sold to Forte for £173m.

"It is our intention to create a major force in the restaurant, catering and leisure sector," Mr Singh said yesterday. His view was echoed by Mr Ackerman who expects "similar growth" once Simpsons becomes a Baldwin subsidiary.

Details of the bid emerged two days after shares in USM-traded Simpsons were suspended following Baldwin's approach. It has offered one 10p Baldwin share for every two Simpsons, and full acceptance will mean the issue of 2.28m new shares, representing 12 per cent of the capital.

A spokesman for the dissident group, led by Mr Robert Klapp, former chairman of Select Appointments, claimed the offer would represent a considerable loss for investors who paid 50p per share in Simpsons' £2m float last year. Simpson's shares closed at 33p.

The board was wrong to accept when other bidders, including a leading brewery, were also interested in Simpsons, the spokesman added.

Mr Ackerman dismissed the dissident claims and said they presented no threat to Baldwin's offer.

In a separate development, Mr Singh confirmed Baldwin would also buy Leading Guides, the publishing company owned by Mr Ackerman.

The company, which publishes Egon Ronay guides, was formed earlier this year after Alfresco Leisure publications, of which Mr Ackerman was also chairman, went into receivership. Mr Singh said Baldwin would be paying up to £1 a share for Leading Guides.

Roy Ackerman: dismissed claims

Revamped Maddox moves back into black

MADDOX GROUP, the electrical products and computer maintenance concern which this year has undergone substantial changes, moved back into the black in the first half of 1992.

A pre-tax profit of £325,000 compared with losses of £83,000 for the six months to September 30 1991 and £312,000 for the preceding nine months period.

Results excluded any contribution from Wakebourne, the computer maintenance and systems support group acquired in August, which had changed the focus of Maddox.

Mr Hugo Biermann, chairman, said the provision of maintenance services to particularly the corporate PC market in the UK, had proved to be exceptionally resilient, with growth of over 20 per cent in the last five years. Maddox therefore intended to continue its penetration of this market – particularly in the UK.

While the group's distribution markets were still affected by recession in the UK and US, Wakebourne was trading in line with the board's high expectations. Mr Biermann said that this, together with the further refocusing of the business towards computer maintenance, would allow Maddox to produce a satisfactory result for the year. First half sales were £9.55m (£183,000) and earnings per share came to 0.21p (0.35p losses). There was again no tax.

Arthur Shaw makes inroads into losses

ARTHUR SHAW, which serves the building industry, continued in loss for the half year ended October 4, albeit at a considerably reduced rate, and is passing the interim dividend.

After exceptional charges, the pre-tax loss was £124,000 compared with a deficit of £523,000 in the preceding six months and a profit of £113,000 in the opening half of 1991.

Losses per share came to 1.03p. Earnings last time were 0.86p and an interim dividend of 1.3p was paid – but no final.

Mr Gordon Pearson, chairman, said the cost savings that had been made fell predominantly in the second half.

Turnover in the half year was £8.05m (£7.79m) and the operating profit came to £99,000 (£202,000).

Ashley tumbles £7.6m into the red

By Peter Pearse

ASHLEY GROUP, which is changing its year-end to December 31, reported a plunge from pre-tax profits of £13.7m to losses of £7.64m for the 12 months to August 31, while turnover grew from £389.9m to £422.6m.

A second interim dividend of 0.375p has been declared, bringing the total so far to 0.75p. In the year to August 31 the total was 1.95p.

However, Mr James White, chairman of the group which has interests in food distribution in Spain, window blind distribution and plywood, pointed out that £6.67m of the losses were incurred in the six months to February 29, "a period of considerable difficulty".

He added that interest payable for the 12 months expanded to £5.21m (£1.4m), and that in the first six months there had been an exceptional charge of £2.81m – relating to restructuring and the £593,000 golden handshake for Mr Tony Butler, the former chief executive – against a credit of £2.15m previously.

Mr White said the group had made "sensible progress" in the second six months. The main problem remained Digsa, the Spanish food retailer, which turned in trading losses of £2.97m (profits £6.96m) on turnover up at £386.7m (£357.6m).

Two regions, Zaragoza and Andalucia, performed satisfactorily; Madrid and Albacete moved into the black in the second half, but Catalunya continued to make losses.

The window blinds side made profits of £4.31m (£6.72m) on turnover of £34.8m (£30.5m). Although the margin on sales was about 14 per cent, the Glasgow plant was only operating at 60 per cent capacity because of the depressed housing sector.

Gearing stood at 90 per cent as debt grew to £34.6m, mainly through the needs for working capital in Spain, though Mr White said that should start "throwing off benefit" soon.

Losses per share emerged at 6.8p (earnings 7.5p), though 5.8p of that was attributable to the first six months.

Awkward questions facing Hanson

Controversy surrounds withdrawal of predator's £790m takeover bid for RHM: **Roland Rudd** reports

THERE WAS an audible sigh of relief from Hanson's shareholders when the Anglo-US conglomerate withdrew from the bidding contest for Ranks Hovis McDougall, the UK milling, baking and grocery products group.

Many institutional shareholders feared that Lord Hanson, the eponymous chairman, would pay over the odds to prevent his former employee, Mr Greg Hutchings, chief executive of Tomkins, pulling off his recommended £935m deal.

"Notwithstanding the fact that another deal may have slipped through the good Lord's hands," said one shareholder, "he was right not to increase his [£790m] offer." Another opined: "His reputation for not overpaying is more important than his ability to do deals."

Yet Hanson's decision to withdraw from the bidding raises some awkward questions for the group. Regarded as the consummate deal maker of the 1980s it has failed to pull off many of its big deals in the 1990s.

Last year's purchase of a 2.8 per cent stake in Imperial Chemical Industries pushed the chemical group into a much-needed restructuring. But apart from a £40m profit on selling its stake, it did little for Hanson which suffered one of the most forceful campaigns against a potential predator.

After recently pulling back from bidding for Canary Wharf, the financially-troubled property development, Hanson's critics are asking whether the group has lost its touch.

Mr Derek Bonham, Hanson's chief executive, says such criticism is misplaced. "There are literally hundreds of deals that we have looked at over the past few years which we have pulled back from. The public does not ever hear of these deals."

Mr Bonham draws a comparison between RHM and the failed bid for Powell Duffryn, the distribution and storage group, the first hostile offer that Hanson lost.

In January 1985 the group refused to raise its original all paper offer – which valued Powell Duffryn at £170m – and thereby lost the bid. "We would not overpay then and we will not overpay now," says Mr Bonham. There are, after all, many other potential deals.

RHM, however, was not just another deal. Hanson believed it had found the perfect takeover candidate. As one of its advisers put it: "This was not a case of Lord White [chairman of Hanson Industries] throwing darts at a number of potential targets to see what next to go for. Hanson's acquisition team worked on RHM for months before launching its bid."

The group broke with precedent by taking on outside consultants to look at the baking and grocery products group.

LEK, the business consultants, which three years earlier looked at RHM for Sir James Goldsmith, who was then the company's biggest shareholder, tried to see whether Hanson could justify paying more than the 220p a share it originally offered for the company. After an exhaustive search it underlined Lord White's assessment that RHM was not worth more than Hanson's original offer.

The failure to win the battle for RHM may tempt the conglomerate to pull off the long awaited Continental deal that it has been promising.

Derek Bonham

Mr Robert Hanson, who was appointed to the board in September with special responsibilities for Europe, believes there are many undervalued and poorly managed conglomerates on the Continent. "We have already looked at a number of different European companies. It is only a matter of time before we buy a big European group," he said recently.

Yet the Continental deal has been foreshadowed before – by Lord Hanson – and never materialised.

The group's difficulty in making deals in the 1990s was one of the reasons why its new management wanted to show that Hanson was not a rag-bag of businesses held together by the two personalities which founded the group. Mr David Clarke, chief executive of Hanson Industries, the group's North American arm, first articulared the need for Hanson to concentrate on its core businesses last year. He talked about the need for organic growth and said Hanson should no longer be regarded as a seller and buyer of businesses but as a manager on the lines of BTR, the industrial conglomerate.

The message has been well received by some analysts. Earlier this year in the US Goldman Sachs, which in the UK acted for ICI in attacking the group's accounting methods and management, issued a buy note, welcoming Hanson's new strategy for the 1990s. At the time Hanson's p/e ratio was falling and its yield rose significantly above the market average. More recently, County NatWest published a note in the UK recommending that investors switch from BTR into Hanson. It believes Hanson is well placed geographically for an early return to growth (with more than half of its pre-tax profits generated from the US and two-thirds of its UK profits from tobacco).

But more importantly it says Hanson's emphasis on organic growth and expansion of core businesses contrasts favourably with BTR's stated intention to make more profits from acquisition and disposal. While this goes some way to addressing the problem Hanson has in pulling off deals, the new strategy only really works in the US, where most of Hanson's core businesses are based.

These are Peabody Coal; Cavenham Forests; the aggregates business Beazer USA; Grove Industries, the largest hydraulic crane manufacturer in the world; and SCM Chemicals.

In the last six months, Peabody Coal, for example, has made two selective acquisitions: a coal mine and reserves from Southern Ohio Coal and Costain's Australian coal mining business. The UK core businesses, Imperial Tobacco, and building products operations, made up of ARC and London Brick, do not offer the same opportunities for expansion. This was one of the reasons why Mr Bonham was so keen to buy RHM since he believed he could create a new UK core business with the potential for expansion.

There is also a further problem with the new strategy. Organic growth, even topped up with relatively small deals such as last year's £351m recommended takeover of the debt laden Beazer, is not enough to contine the unbroken record of profits growth on the same scale witnessed since Lord Hanson started the business 28 years ago. The group is expected to report the first fall in full year pre-tax profits when it announces its results next month for the year to September 30.

Six years ago LEK, on behalf of an independent Imperial Tobacco which was facing a hostile bid from Hanson, produced an analysis of the group's performance which argued that to maintain its rate of growth through acquisition Hanson would have to take over a £10bn company in 1990. "At some stage," Imperial said, "the music has to stop."

Hanson's supporters in the City are hoping the group will retain its opportunistic edge to prevent it becoming an eventual candidate for an old fashioned Hanson style break-up.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	100	97	Beta Global Emrg Mkts C.	97		-	-	-	-
§	F.P.	-	201	180	Chubb Security	197	+3	L2.8	2.9	1.9	21.8
165	F.P.	-	224	193	Dorling Kindersley	222	+2	L3.0	2.6	1.8	21.2
-	F.P.	-	103	100	For. & Col. PEP Inv Tst	102		F3.38	-	4.4	-
-	F.P.	-	33	31	Jos Hldgs Cap	31		-	-	-	-
-	F.P.	-	92	90	Do. Inc.	91		F11.5	-	16.8	-
-	F.P.	-	106¼	101	Do. Zero Div. Pf	106¼		-	-	-	-
130	F.P.	-	158	140	Linx Printing Techs.	148		L2.6	2.8	2.3	17.6
120	F.P.	-	192	157	♦Tepnel Diagnostics	170	-1	-	-	-	-
120	F.P.	-	137	126	Trinity	134		R5.4	1.9	5.5	12.6
45	F.P.	-	51	46	Vardon	46	-2	b0.75	5.3	2.2	11.5
160	F.P.	-	172	165	[illegible] (U.D.)	165	-1	W4.8	2.6	3.9	13.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	107p	104¼p	Bristol Water 8¾pc Pf	107p	+½
100p	F.P.	-	112p	105¼p	Fulcrum Inv Tst Zero Div Pf	112p	
100	F.P.	-	109¼	104¼	NFC 7¼pc Cv. Bd. 2007	109¼	+1¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
78	Nil	10/11	1½pm	1¼pm	Capital Inds.	1¼pm	
150	Nil	23/11	80pm	50pm	♦Haemocell	56pm	+3
25	Nil	1/3	6pm	3½pm	Property Trust	3½pm	-½
335	Nil	22/12	52pm	9pm	Wagon Inds	15pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. u Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of capitalisation. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Oct. 26
- Last Dealings Nov. 6
- Last Declarations Jan. 28
- For settlement Feb. 8

3-month call rate indications are shown on page 13.

Calls in British Petroleum, Euro Disney, Gestetner, Mid-States, Quadrant, Rhino, Spring Ram, Telemetrix and Wembley. Puts in Mid-States and Vickers. Doubles in ASDA, Blue Circle and Tarmac.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	[illegible] Prices for Trading on 07.11.92: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices: Pool selling price £/MWh
0030	24.36	17.58	17.58
0100	31.15	17.58	17.58
0130	[illegible]	17.70	17.70
0200	31.15	21.33	23.85
0230	22.17	21.48	23.80
0300	21.77	21.48	23.80
0330	21.77	17.70	[illegible]
0400	18.04	17.62	17.62
0430	17.71	17.60	17.60
0500	17.71	17.58	17.58
0530	17.70	17.58	17.58
0600	17.69	17.53	17.53
0630	17.70	[illegible]	17.60
0700	21.92	17.62	17.62
0730	21.92	21.25	23.61
0800	21.92	21.48	23.84
0830	23.07	23.46	25.80
0900	23.27	26.75	29.31
0930	26.00	26.75	29.28
1000	26.00	26.75	29.27
1030	26.00	26.75	29.22
1100	26.00	23.46	25.81
1130	23.27	23.46	25.81
1200	23.27	23.46	25.82
1230	23.27	23.46	25.83
1300	[illegible]	23.46	25.83
1330	18.09	23.48	25.84
1400	17.71	17.83	17.83
1430	17.70	17.70	17.70
1500	17.71	17.69	17.69
1530	17.71	17.70	17.70
1600	17.71	17.70	17.70
1630	20.32	17.70	17.70
1700	26.63	17.84	17.84
1730	30.00	23.46	25.83
1800	30.00	23.46	25.83
1830	29.48	23.46	25.82
1900	29.23	27.98	30.41
1930	29.23	27.96	30.39
2000	25.44	27.96	30.42
2030	24.04	25.15	27.57
2100	23.27	25.15	27.59
2130	19.98	25.15	27.59
2200	20.32	22.35	24.72
2230	17.71	22.34	24.71
2300	17.68	22.34	24.72
2330	17.51	22.34	24.72
2400	17.47	17.69	17.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price [illegible] paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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ECONOMIC DIARY

TODAY: Informal meeting of the European Community trade ministers in Hertfordshire.

TOMORROW: CBI conference in Harrogate (until Tuesday). UNIDO conference on investment in CIS in Vienna (until November 10). Ruling Labour Party to vote on whether Norway should apply to join the European Community.

MONDAY: Credit business (September). European Community foreign ministers meet in Brussels. Start of two-day Financial Times conference on "World Electricity" at the Hotel Inter-Continental in London.

TUESDAY: Producer price index numbers (October). US producer price index (October). European Community internal market council meets in Brussels. Italian Senate starts discussing a maxi-decree budget measure freezing public sector pay and imposing a minimum tax on self-employed.

WEDNESDAY: Index of production for Scotland (second quarter). Mr Helmut Kohl, German chancellor, visits London for Anglo-German summit with Mr John Major, prime minister. Financial Times holds conference "Doing business with Russia" in Moscow.

THURSDAY: Mr Norman Lamont, Chancellor of the Exchequer, makes autumn statement on British government spending for 1993-94. Labour market statistics; unemployment and unfilled vacancies (October-provisional); average earnings indices (September-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (October). Capital issues and redemptions (October). US jobless claims; housing completions (September).

FRIDAY: Usable steel production (October). Family spending: (1991) A report on the 1991 family expenditure survey. Retail prices index and tax and price index (October). Index of production (September).

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups & sub-sections	Fri Nov 6 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Nov 5 Index No.	Wed Nov 4 Index No.	Tue Nov 3 Index No.	Year ago (approx.) Index No.	1992 High		1992 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (174)	782.33	-0.1	7.25	5.59	17.99	29.41	782.99	776.95	774.79	817.91	929.04	20/5	664.23	9/9	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (23)	777.60	.....	6.73	7.03	21.02	35.72	777.95	769.78	773.58	997.34	1121.52	11/5	617.65	9/9	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (26)	681.30	+0.4	2.91	7.27	306.63	36.38	678.91	665.55	661.17	1083.41	1069.64	11/5	485.72	9/9	1951.50	16/7/87	71.48	2/12/74
4	Electricals (9)	2125.19	+0.5	7.83	7.08	16.88	108.10	2115.29	2085.16	2081.45	2512.12	2758.50	22/5	1874.89	20/10	3040.80	8/9/89	84.71	25/6/62
5	Electronics (27)	2138.55	-0.9	7.65	3.99	16.44	49.15	2158.53	2126.24	2100.16	1730.90	2158.53	5/11	1695.93	13/1	2308.22	19/5/89	1229.01	8/10/85
6	Engineering-Aerospace (6)	294.24	.....	12.03	7.98	10.57	15.92	294.31	291.09	288.55	360.14	406.10	20/5	273.62	28/9	502.42	13/6/90	273.62	28/9/92
7	Engineering-General (43)	442.16	+0.1	8.95	5.30	14.29	16.03	441.77	447.47	446.53	489.07	567.62	20/5	409.31	9/9	567.62	20/5/92	339.57	23/1/91
8	Metals and Metal Forming (7)	277.51	+1.0	6.26	7.89	23.22	8.48	274.67	273.01	274.77	422.37	379.31	18/5	256.51	8/9	596.67	9/10/87	49.65	6/1/75
9	Motors (15)	319.73	-0.1	6.36	7.36	22.92	17.59	320.19	319.73	319.27	338.02	403.06	21/5	274.42	1/9	411.42	13/10/87	19.91	6/1/75
10	Other Industrials (10)	1815.54	.....	6.86	4.60	17.62	61.03	1814.99	1798.84	1795.59	1584.69	1906.65	11/5	1480.17	9/9	1906.65	11/5/92	277.55	15/1/81
21	CONSUMER GROUP (192)	1664.28	-0.3	6.97	3.49	17.80	37.27	1670.12	1665.81	1671.72	1590.33	1761.38	11/5	1446.17	25/8	1761.38	11/5/92	61.41	13/12/74
22	Brewers and Distillers (25)	1965.87	-1.3	8.45	3.76	14.27	41.53	1992.63	1995.97	1999.95	1949.96	2278.85	11/5	1812.14	5/10	2278.85	11/5/92	69.47	13/12/74
25	Food Manufacturing (19)	1275.72	-0.5	8.28	4.17	15.00	34.48	1282.70	1273.12	1267.07	1218.08	1327.80	11/5	1064.95	10/9	1327.80	11/5/92	59.67	11/12/74
26	Food Retailing (18)	2872.38	+0.5	8.97	3.24	14.48	55.64	2859.35	2850.80	2907.39	2422.46	2998.16	18/5	2293.80	10/1	2998.16	18/5/92	54.25	11/12/74
27	Health and Household (26)	4354.08	-0.8	5.11	2.60	22.73	78.70	4387.07	4403.02	4424.43	4039.25	4654.94	14/1	3648.63	26/8	4654.94	14/1/92	175.38	28/5/80
29	Hotels and Leisure (18)	1130.87	-0.7	6.95	6.03	18.95	46.03	1138.64	1130.97	1148.21	1354.46	1450.36	13/5	898.80	16/9	1845.77	8/9/89	54.83	9/1/75
30	Media (27)	1645.03	+0.6	5.06	3.21	20.60	38.16	1634.89	1629.16	1620.01	1496.75	1721.09	11/5	1376.55	25/8	1721.09	11/5/92	1166.91	16/1/91
31	Packaging, Paper & Printing (17)	750.02	+0.3	6.76	4.32	18.41	22.83	746.35	740.06	738.55	770.21	875.53	13/5	633.17	16/9	875.53	13/5/92	43.46	6/1/75
34	Stores (33)	1078.52	+0.5	6.68	3.38	19.84	22.12	1072.76	1060.16	1059.55	1042.47	1135.66	27/4	907.08	25/8	1160.58	29/7/87	52.63	6/1/75
35	Textiles (9)	695.54	+0.3	6.82	4.41	18.45	21.09	693.75	691.69	694.85	644.08	756.70	8/5	551.94	25/8	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (116)	1359.44	-0.2	9.20	4.90	13.60	40.82	1361.50	1346.16	1349.57	1243.46	1361.50	5/11	1140.56	3/4	1361.50	5/11/92	58.63	6/1/75
41	Business Services (10)	1434.14	+0.3	6.17	3.55	19.86	30.70	1430.10	1415.97	1428.56	1392.46	1511.16	11/5	1160.34	1/9	1511.16	11/5/92	892.28	1/2/91
42	Chemicals (22)	1340.32	-0.7	6.90	5.42	18.25	48.48	1350.32	1345.02	1358.14	1422.75	1629.99	8/5	1243.05	1/9	1629.99	8/5/92	71.20	1/12/74
43	Conglomerates (10)	1352.92	-0.3	8.52	5.11	15.03	40.93	1356.36	1340.73	1352.92	1455.43	1509.94	11/5	1087.92	2/9	1819.46	11/8/89	975.19	10/11/87
44	Transport (13)	2578.60	+0.6	7.93	4.58	15.35	76.54	2563.99	2558.72	2569.31	2326.74	2790.11	20/5	2133.26	26/8	2790.11	20/5/92	90.80	29/6/62
45	Electricity (16)	1458.35	+1.1	14.24	5.03	9.05	55.01	1442.50	1431.09	1434.11	1201.95	1458.35	6/11	1044.63	7/4	1458.35	6/11/92	994.96	7/1/91
46	Telephone Networks (4)	1573.09	-1.0	9.60	4.20	13.57	46.15	1588.72	1562.33	1564.21	1479.23	1588.72	5/11	1274.20	3/4	1658.67	2/10/91	517.92	30/11/84
47	Water (11)	3230.57	+1.0	13.88	5.30	7.97	86.85	3197.35	3181.06	3175.46	2384.52	3230.57	6/11	2140.95	8/4	3230.57	6/11/92	1820.20	1/5/90
48	Miscellaneous (22)	2343.06	-0.5	6.02	4.31	20.57	56.01	2355.57	2307.13	2290.69	1857.16	2355.57	5/11	1770.94	3/1	2355.57	5/11/92	60.39	6/1/75
49	INDUSTRIAL GROUP (482)	1346.15	-0.2	7.75	4.34	16.17	37.01	1349.37	1340.84	1343.72	1288.19	1427.97	11/5	1168.49	1/9	1427.97	11/5/92	59.01	13/12/74
51	Oil & Gas (18)	2116.24	+0.6	6.25	6.13	20.95	97.68	2104.44	2100.21	2153.41	2387.69	2226.66	2/1	1756.72	7/8	2526.70	5/8/90	87.23	29/5/62
59	500 SHARE INDEX (500)	1418.44	-0.2	7.60	4.52	16.56	41.76	1420.67	1412.31	1418.71	1383.16	1493.99	11/5	1228.86	26/8	1493.99	11/5/92	63.49	13/12/74
61	FINANCIAL GROUP (83)	843.47	-0.4	-	5.21	-	31.19	846.81	836.94	836.78	771.79	846.81	5/11	631.13	25/8	896.67	13/10/87	55.88	13/12/74
62	Banks (9)	1183.30	-0.6	4.38	4.70	34.30	40.52	1189.94	1163.89	1160.66	895.57	1189.94	5/11	790.95	3/4	1189.94	5/11/92	62.44	12/12/74
65	Insurance (Life) (6)	1634.39	.....	-	3.56	-	68.18	1634.48	1619.22	1639.05	1497.36	1639.05	3/11	1243.61	6/4	1639.05	3/11/92	44.88	2/1/75
66	Insurance (Composite) (7)	581.98	.....	-	5.10	-	22.58	581.66	588.27	585.46	565.85	589.02	30/10	418.66	27/7	768.11	29/12/89	43.96	13/12/74
67	Insurance (Brokers) (10)	757.18	-1.8	9.45	7.42	13.90	42.23	771.43	783.95	794.50	1099.29	1031.35	27/1	527.43	25/8	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (7)	484.06	+0.1	-	4.63	-	13.71	483.65	484.70	482.82	480.83	521.89	22/5	395.41	28/8	547.59	12/10/87	31.21	7/1/75
69	Property (30)	600.44	-0.5	9.35	7.02	14.05	24.94	603.52	600.94	603.48	902.88	799.69	20/1	464.71	16/9	1398.87	5/9/89	56.01	20/4/65
70	Other Financial (14)	263.02	+0.3	7.58	6.34	17.33	9.58	262.28	261.85	261.46	249.80	271.79	26/5	215.81	2/9	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (70)	1239.72	+0.1	-	3.63	-	29.43	1238.89	1234.38	1238.28	1213.54	1273.08	11/5	1024.12	25/8	1323.81	4/1/90	71.12	13/12/74
99	ALL-SHARE INDEX (653)	1279.06	-0.2	-	4.60	-	38.72	1281.42	1272.93	1277.83	1236.43	1326.36	11/5	1086.13	25/8	1326.36	11/5/92	61.92	13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Nov 6	Day's change %	Thu Nov 5	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	128.85	+0.14	128.67	1.77	10.99
2	5-15 years (25)	147.23	+0.42	146.62	1.98	11.05
3	Over 15 years (8)	153.64	+0.48	152.90	2.21	10.57
4	Irredeemables (6)	171.59	+1.11	169.71	0.34	13.45
5	All stocks (61)	143.33	+0.34	142.85	1.94	11.64
	Index-Linked					
6	Up to 5 years (2)	184.26	-0.07	184.38	0.41	3.68
7	Over 5 years (10)	169.11	+0.03	169.06	0.97	4.04
8	All stocks (12)	169.95	+0.01	169.93	0.89	3.96
9	Debs & Loans (62)	123.81	+0.84	122.78	2.05	10.48

AVERAGE GROSS REDEMPTION YIELDS

			Fri Nov 6	Thu Nov 5	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	6.88	6.94	8.48	10.03	15/9	6.88	6/11
2	Coupons	15 years	8.14	8.18	9.43	9.72	1/4	8.14	6/11
3	(0%-7¾%)	20 years	8.42	8.47	9.43	9.72	1/4	8.42	6/11
4	Medium	5 years	7.21	7.25	9.65	10.28	1/4	7.21	6/11
5	Coupons	15 years	8.52	8.57	9.56	9.82	1/4	8.52	6/11
6	(8%-10¾%)	20 years	8.76	8.81	9.52	9.76	1/4	8.76	14/9
7	High	5 years	7.46	7.50	9.86	10.50	1/4	7.46	6/11
8	Coupons	15 years	8.80	8.87	9.64	9.96	1/4	8.80	6/11
9	(11%-)	20 years	8.91	8.99	9.57	9.90	5/10	8.91	6/11
10	Irredeemables (Flat Yield)		8.80	8.89	9.63	9.92	2/4	8.80	6/11
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.31	2.27	3.82	5.06	16/9	2.27	5/11
12	Inflation rate 5%	Over 5 yrs.	3.68	3.68	4.24	4.76	16/9	3.67	30/10
13	Inflation rate 10%	Up to 5 yrs.	1.56	1.51	3.23	4.23	16/9	1.51	5/11
14	Inflation rate 10%	Over 5 yrs.	3.51	3.50	4.07	4.56	16/9	3.49	30/10
15	Debs &	5 years	8.72	8.95	11.32	11.51	6/4	8.72	6/11
16	Loans	15 years	9.76	9.85	11.12	11.22	6/4	9.76	6/11
17		25 years	9.99	10.09	10.93	11.02	6/4	9.98	1/6

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*648)	600	55	65	77	14	23	37
	650	26	40	50	36	48	64
ASDA (*45)	40	8	9½	12	2½	4½	6
	45	5	7	9	5	7	8½
Brit. Airways (*301)	300	20	29	34	16	24	32
	330	8½	16	22	39	43	51
SmKl Bchm A (*526)	500	45	56	71	13	20	26
	550	17	29	44	38	44	50
Boots (*490)	460	44	56	63	11	16	25
	500	21	33	42	30	33	40
B P (*225)	220	15	19	24	9	13	16½
	240	6	11	15	22	25	28
British Steel (*50)	45	8½	10	12	4	6	7
	50	5½	8	9½	6	8½	10
Bass (*556)	550	33	44	55	29	36	45
	600	12	23	35	64	69	75
C & W (*651)	650	32	50	64	29	36	40
	700	12½	28	40	62	67	77
Courtaulds (*493)	460	48	52	74	14	22	30
	500	26	40	50	32	40	49
Com. Union (*569)	550	45	54	66	17	31	39
	600	19	30	42	45	60	66
Fisons (*216)	200	29	39	46	15	22	29
	220	22	30	38	25	33	39
GKN (*401)	390	29	36	41	14	23	28
	420	14	21	27	28	40	45
Grand Met. (*408)	390	30	41	49	15	22	26
	420	18	26	35	31	30	42
I.C.I (*1036)	1000	79	93	106	26	34	65
	1050	49	64	78	48	62	90
Kingfisher (*550)	500	64	76	80	10	15	25
	550	33	47	56	28	36	47
Ladbroke (*163)	160	18	24	29	14	21	26
	180	11	16	18	25	34	38
Land Secur (*421)	400	18	28	35	18	22	34
	460	5½	12	18	47	50	62
M & S (*327)	300	36	44	48	5½	8½	14
	330	16	26	31	17	21	26
Sainsbury (*489)	460	43	53	61	9	15	22
	500	18	31	39	28	33	40
Shell Trans. (*528)	500	46	49	59	8	17	21
	550	15	19½	32	31	45	46
Storehouse (*166)	160	13	18	23	9½	14	17
	180	7	10	15	22	25	28
Trafalgar (*83)	80	9	13	17	6	10	14
	90	5	10	13	13	17	20
Utd Biscuits (*347)	330	31	38	48	9	17	20
	360	14	21	26	23	32	37
Unilever (*1080)	1050	60	86	108	18	28	42
	1100	35	58	71	45	51	64
Option		**Nov**	**Feb**	**May**	**Nov**	**Feb**	**May**
Brit Aero (*148)	140	18	27	36	7	19	26
	160	7½	19	28	24	30	40

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*757)	750	21	48	66	17	34	47
	800	4	26	44	54	64	70
BAT Inds (*926)	900	40	72	82	10	29	47
	950	14	45	55	32	51	73
BTR (*504)	500	14	30	36	10	22	31
	550	1½	11	16	48	55	63
Brit. Telecom (*377)	360	21½	29	36	3½	12½	15½
	390	5	13½	21	17	27	30
Cadbury Sch (*457)	420	42	54	58	3	8½	16
	460	11	29	34	13	24	[illegible]
Eastern Elec (*389)	370	24	36	44	3	15	20
	400	6	20	28	17	30	35
Guinness (*556)	500	26	48	58	6	18	29
	550	5	24	33	37	47	55
GEC (*257)	240	21	26	32	2	7	10
	260	6	13	20	7½	15	18
Hanson (*229)	220	12½	18	22	3	8	11½
	240	3	9	13	12	18	22
LASMO (*171)	160	16	27	31	5	14	19
	180	6½	18	21	15	23	31
Lucas Inds (*116)	110	13	21	24	5	12	16
	120	6½	15	19	11	18	23
P. & O. (*441)	420	27	49	59	8	24	40
	460	8	30	40	30	45	64
Pilkington (*86)	80	11	17	19	3	9½	12
	90	5	12	16	8	15	19
Prudential (*274)	260	18	27	31	2½	8	14
	280	5½	15	20	10	17	24
R.T.Z. (*642)	600	43	70	79	5	15	29
	650	10	39	48	21	36	50
Scot. & New (*432)	420	17	33	41	7½	18	24
	460	3	12	22	35	45	49
Tesco (*223)	220	12	19	25	5	10	16
	240	3	11	15	18	22	26
Thames Wtr (*492)	460	37	43	54	4	12	16
	500	6½	20	30	21	31	35
Vodafone (*386)	360	32	43	56	2	13	18
	390	11	26	37	14	26	33
Option		**Dec**	**Mar**	**Jun**	**Dec**	**Mar**	**Jun**
Abbey Nat. (*346)	330	26	36	39	7	15	19
	360	10	20	25	22	32	35
Amstrad (*28)	25	5	6½	7	2	2½	3
	30	1	2½	2	3	3	3
Barclays (*356)	330	41	50	55	6½	17	32
	360	21	30	36	17	32	37
Blue Circle (*165)	160	18	29	32	11	18	27
	180	10	20	24	23	30	39
British Gas (*277)	260	23	30	33	3½	7	11½
	280	9½	18	20	11	14	22
Dixons (*233)	220	15	24	30	12	18	23
	240	6	15	21	24	30	35
Eurotunnel (*352)	330	45	60	72	10	21	28
	360	26	42	56	25	35	43

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Glaxo (*819)	800	54	78	100	23	38	53
	850	28	54	76	52	72	83
Hillsdown (*109)	100	15	23	26	6½	10½	15
	110	11	17	22	11	17	22
Lonrho (*76)	70	12	18	16	5	10	12
	80	5½	9	12	10	17	22
HSBC 75p shs (*554)	550	33	54	61	25	35	49
	600	14	32	41	55	64	77
Natl Power (*269)	260	17	25	31	6	15	16
	280	8	15	22	16	23	26
Reuters (*1242)	1200	75	130	150	33	55	74
	1250	48	103	125	50	75	95
[illegible] (*135)	130	10	14	16	5½	10	12
	140	5	9½	11	9½	15½	27½
Scot Power (*204)	200	10	14	17½	5	9	10½
	220	2½	6	9	16½	20½	22
Sears (*91)	90	7	11	14	4½	7½	11
	100	3	6½	8½	11	14	16
Forte (*158)	140	25	32	35	5	11	17
	160	13	22	25	13	20	29
Thorn EMI (*818)	800	37	66	72	19	32	39
	850	13	31	47	49	63	65
TSB (*138)	130	13	17	19	3½	7½	10
	140	7	11	14	8	13	15
Vaal Reefs (*$28)	25	4½	5½	7	1½	3	4
	30	2	3	4	4	6½	6½
Wellcome (*996)	950	87	124	145	19	43	57
	1000	47	92	117	40	65	77

EURO FT-SE INDEX (*2783)

	2525	2575	2625	2675	2725	2775	2825	2875
CALLS								
Nov	179	134	91	54	25	10	5	-
Dec	215	172	133	96	69	47	30	19
Jan	253	-	158	-	95	-	50	-
Mar	260	-	185	-	125	-	82	-
Jun	292	-	220	-	160	-	115	-
Sep	315	-	250	-	195	-	150	-
PUTS								
Nov	4	6	14	28	50	85	128	-
Dec	10	24	35	49	69	95	129	167
Jan	30	-	48	-	84	-	140	-
Mar	35	-	73	-	108	-	162	-
Jun	65	-	95	-	130	-	152	-
Sep	80	-	110	-	145	-	193	-

FT-SE INDEX (*2783)

	2500	2550	2600	2650	2700	2750	2800	2850
CALLS								
Nov	288	159	110	70	38	16	7	-
Dec	235	191	150	114	82	57	37	24
Jan	253	212	175	140	105	78	58	41
Feb	268	230	195	162	132	103	85	63
Jun †	310	-	240	-	180	-	130	-
PUTS								
Nov	2½	4	9	18	39	70	114	-
Dec	13	19	29	43	63	91	125	166
Jan	23	32	44	60	83	106	138	176
Feb	36	45	58	76	98	123	153	198
Jun †	60	-	90	-	120	-	185	-

November 6 Total Contracts 21 808
Calls 15 721 Puts 6 087
FT-SE Index Calls 2,931 Puts 1 625
Euro FT-SE Calls 229 Puts 617
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT FIXED INTEREST INDICES

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Year ago	High *	Low *
Govt.Secs.(UK)	95.01	94.59	93.86	94.00	93.76	86.97	95.01	85.11
Fixed Interest	109.14	108.66	107.86	107.73	107.91	96.55	109.14	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 109.14 (6/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Nov 5	226.6	247.9
Nov 4	236.1	253.1
Nov 3	256.3	253.5
Nov 2	250.9	239.9
Oct 30	253.0	216.1

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS		Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	85	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	■ OILS	
Astec (BSR)	3½	Courtaulds	35	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	60	Eurotunnel	32	Lex Service	19	TI	28	BP	22
BOC	40	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	56
BTR	35	FNFC	6	Lonrho	8	Tesco	17	Conroy Pet	6
Barclays	28	Forte	17	Lucas Inds	11	Thorn EMI	58	Gaelic Res	½
Blue Circle	19	GKN	35	Marks Spencer	25	T & N	16	Premier Cons	2½
Boots	35	Gen Accident	40	NatWest Bank	28	Unilever	75	Shell	42
Bowater	58	GEC	17	P & O Dfd	32	Vickers	8	Tuskar Res	½
Brit Aerospace	30	Glaxo	15	Racal Elect	6	Wellcome	71	■ MINES	
British Steel	6	Grand Met	34	RHM	14	■ PROPERTY		RTZ	50
BT	25	GRE	15	Rank Org	42	Brit Land	15		

INTERNATIONAL COMPANIES AND FINANCE

Saffa chairman hits out at 'unreliable' KIO managers

By Haig Simonian in Milan

THE Kuwait Investment Office's most important foreign partner in Spain has accused the KIO management of being "unreliable" and "more interested in their own internal quarrels than running their companies".

Mr Carlo Bonomi, chairman of Saffa, the Italian industrial group which took minority stakes in two KIO subsidiaries in Spain in early 1991, warned that losses on the holdings could wipe out his company's profits this year.

Saffa, Europe's second-biggest producer of cardboard for packaging, became involved with the KIO following a complex deal in which it sold its paper interests to the Kuwaitis in return for a Spanish cardboard mill, cash and minority stakes in two KIO subsidiaries.

The shares in these two groups – Prima Immobiliaria, a property group, and Ebro, a leading Spanish foods concern – have fallen steeply.

Failing a recovery before year-end, Saffa faces a significant write-down on the value of its holdings, Mr Bonomi warned.

Bonomi: faces Spanish losses

Saffa owns around 6 per cent of Prima and 5 per cent of Ebro, making it the biggest shareholder after the KIO in both cases.

The Kuwaitis control more than 70 per cent of Prima and around 43 per cent of Ebro. "Prima's shares have plunged to around Pta600 ($5.55) now from Pta7,600 when we came in, while Ebro has fallen to Pta1,000 from Pta3,200," Mr Bonomi said.

The collapse in Prima's shares stems from the withdrawal of Kuwaiti support for various development projects currently under way, according to Mr Bonomi.

"The assets are good, but development costs are high," he said.

Mr Bonomi said Saffa had approached the KIO with a proposal to buy out its stake in Ebro but it had received "no clear answer".

Attempts to group together with other minority shareholders in order to put pressure on the KIO were complicated by the fact that shares in both Prima and Ebro were widely dispersed, with few big institutional investors, he said.

"The new management at KIO seem more interested in fighting with the old management," Mr Bonomi said.

GM plans to allow some workers to retire at 50

By Martin Dickson

GENERAL Motors, which is in the throes of a major job and cost-cutting programme, is offering early retirement incentives to North American salaried employees, giving some workers the option of retiring at 50, 15 years ahead of the normal GM retirement age.

The company is also believed to be working on plans for a job buy-out programme covering hourly paid workers.

This week's package, which was unveiled to employees on Thursday, is the second salaried employee buy-out programme this year.

The first, which was in place until June, cut the retirement age to 53 and was so popular that GM was able to shift its goal of cutting 20,000 salaried jobs forward from the end of 1994 to the end of 1993.

The latest move lowers the retirement age in overstaffed units to 50 and in areas that are not overstaffed to 52, provided that the individuals concerned have 10 years of service with the company.

GM declined to say how many workers were covered by the programme. It employs some 81,000 salaried staff in North America, down from around 91,000 at the end of last year.

The company's new top management team, which was named earlier this week following the forced resignation of Mr Robert Stempel, GM's chairman, is due to make an important strategy presentation to Wall Street analysts next Thursday.

The new KIO leadership, which has frequently accused its predecessors of mishandling a $3bn investment programme in Spain, was not available for comment yesterday.

Saab says job cuts inevitable

By Christopher Brown-Humes in Stockholm

SWEDEN'S Saab Automobile expects to announce a major package of cost-cutting measures, including heavy redundancies, before the end of this month, due to a sharp deterioration in trading conditions.

The group will not confirm Swedish press reports that as many as 2,300 jobs are to go at its Trollhättan plant, nearly a third of the workforce there, but it does not deny that significant job losses are inevitable.

Saab, which is jointly owned by Saab-Scania and General Motors of the US, reiterated yesterday that it plans to reduce its break-even production level to 70,000 units from the current 100,000.

It says sales this year will amount to just 87,000 cars, the same as last year, but well below the 101,000 target it originally set.

Mr Keith Butler-Wheelhouse, who took over as chief executive in September, has already promised further rationalisation, on top of the cuts which have already taken place in the last two and half years.

The group is heading for a SKr2.2bn ($370.68m) loss this year – its fourth consecutive year of losses – and is not confident of a return to the black next year.

Crucial to its turnround prospects is the timing of the launch of its new model, which it may now try to bring forward to the middle of next year.

Earlier this week, fellow Swedish motor vehicle group Volvo announced 4,500 job losses across its car and truck operations and the closure of two of its three Swedish car plants.

Like Volvo, Saab has been badly hit by falling sales in its three key markets, the US, UK and Sweden.

Cornfeld joins bid for MGM

MR BERNIE CORNFELD, the controversial former mutual funds promoter, joined yesterday in a $500m cash bid for MGM, the troubled Hollywood studio owned by Crédit Lyonnais, the French state bank, writes Alan Friedman in New York. The bid was submitted to Crédit Lyonnais by Mr Giovanni Di Stefano, a former business associate of Mr Giancarlo Parretti, the Italian financier who was forced out of MGM last year by the French bank. Mr Di Stefano and Mr Cornfeld have joined forces in the bid.

Crédit Lyonnais is expected to reject the bid, since it is locked in a series of legal battles with Mr Di Stefano.

Adidas seeks DM150m injection

By Alice Rawsthorn in Paris

ADIDAS, the troubled German sporting goods group controlled by Mr Bernard Tapie, the controversial French businessman, plans to raise up to DM150m ($98.60m) from a refinancing package.

The announcement comes amid speculation about Adidas' future following the collapse last month of the proposed £215m ($333.25m) sale of Mr Tapie's controlling stake to Pentland, the UK consumer products concern and a minority investor in Adidas.

Pentland's decision to pull out of the deal has fuelled reports that Mr Tapie, whose plans to reduce his debts through disposals have been hampered by the recent collapse of two other proposed sales, may be forced to find a new purchaser for his 58 per cent stake in BTF, the German holding company through which he controls Adidas.

However, news of the capital injection, to be effected through a DM50m increase in nominal capital, was accompanied by the announcement that Ms Gilberte Beaux, a close associate of Mr Tapie, had been provisionally appointed president of Adidas to replace Mr René Jäggi.

Ms Beaux, a former banker, joined BTF two years ago at the time of the Adidas acquisition. She has since represented Mr Tapie on the Adidas board. Earlier this year Mr Tapie delegated his Adidas responsibilities to her when he began his short-lived career in the French cabinet.

Mr Tapie was forced to resign his cabinet post because of his involvement in a fraud case.

Woolworth eyes German disposal

By Martin Dickson in New York

WOOLWORTH, the US retailer, announced yesterday that it was considering selling much of its important German operations, comprising more than 500 stores with annual turnover of more than $1.6bn.

The potential disposal does not include the company's expanding Foot Locker business, selling athletic shoes, which it is building up as a major chain across Europe.

Woolworth has had a significant presence in Germany for decades and the country provides about one sixth of the group's total sales of $10bn.

Profits boomed following the reunification, with revenues leaping from $1.18bn in 1989 to $1.86bn in 1990 and operating profits soaring from $80m to $154m. However, in 1991 profits slipped to $127m on revenues little changed.

The company said yesterday it was exploring various alternatives for its general merchandise and specialty stores in Germany, including the possible disposal of some or all of the operations to one or more third parties.

A spokeswoman would only say the company had the enhancement of shareholder value as one of its strategic objectives.

Analysts said the disposal would free funds and allow Woolworth to concentrate on its European strategy for Foot Locker, which is now the company's most important single business in the US. The company has 134 Foot Locker stores in seven European countries, including 27 outlets in Germany, and wants to increase that to 1,000 outlets by the year 2000.

German operations which could be sold comprise more than 320 Woolworth general stores and more than 180 specialty stores, including Rubin costume jewellery, handbags and accessory shops; Moderna and Der Schuh shoe stores; and Lady Plus clothes stores for larger-sized women.

The company is being advised by US investment banks Merrill Lynch and Salomon Brothers. Woolworth shares rose $½ on the news to stand at $33¾ at lunchtime on the New York Stock Exchange.

Earlier this week Woolworth reported sharply improved third-quarter results, with after-tax profits rising to $63m from $41m a year ago. Sales rose 2.5 per cent to $2.5bn.

However, the company has disappointed Wall Street over the past two years as Foot Locker in the US has grown into a mature business, while its two other big American divisions – the Woolworth general merchandise chain and Kinney family shoe – have been shrinking.

Westpac shares at nine-year low

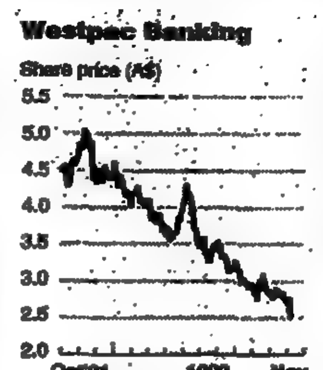
By Bruce Jacques in Sydney

SHARES in Westpac, the Australian financial services group, touched a nine-year low of A$2.44 on Australian stock exchanges yesterday as the crisis surrounding the bank's financial position deepened.

On Thursday the bank announced that it would be unable to meet its forecast of a 12 cents a share final dividend – made in a A$1.1bn rights issue prospectus – as a result of an unexpected A$115m (US$80m) US tax liability.

Westpac has been officially queried by the Australian Stock Exchange (ASX), and the Australian Securities Commission has indicated it would reopen surveillance of the bank's rights issue prospectus.

Westpac shares recovered late in the day to close 24 cents down at A$2.51 after the bank assured the ASX it had not withheld information on the US tax position. The ASX query resulted from comments attributed to Westpac's chief financial officer, Mr Derrick Heywood, that the US tax problems had first been detected in June.



Source: Datastream

This raises the question of whether Westpac should have disclosed the US tax situation in its rights issue prospectus.

Mr R.L Barrett, group secretary, said yesterday that investors had been fully informed.

"A problem was detected in June 1992, and a further problem was detected in September, both of which concerned transactions in non-US currencies and accounted in total for a sum of the order of A$25m which was not seen to be material in the context of underlying performance as assessed by management at that time," Mr Barrett said.

"The matters which gave rise to Thursday's announcement concerned transactions in US dollars. The issue which emerged on or about October 15 related to those US dollar transactions and was of a different character from that considered in June and September," he added.

Westpac, which made a pre-tax loss of A$2.32bn for the six months ended March, now plans to pay a final dividend of six cents a share for 1991-92. Its A$1.2bn rights issue was heavily undersubscribed, culminating in the resignation of five main board directors.

Greece to sell 35% of telecoms monopoly

By Kerin Hope in Athens

GREECE is to sell 35 per cent of OTE, the state telecommunications monopoly, and will seek bids from international telecommunications groups later this month.

The sale is part of the second stage of a privatisation programme which calls for the transfer of up to 49 per cent of state shareholdings in utilities and transport companies to the private sector.

The government aims to complete the OTE sale, which is expected to raise at least Dr218bn ($1bn), by next spring. The buyer will also take over management of OTE, according to the government's privatisation unit.

The sale will be followed immediately by a flotation of a further 8-12 per cent of OTE on the Athens Stock Exchange. Details have not yet been worked out, but the company's 28,000 employees are expected to be offered shares on a priority basis.

The government has dropped its plan to raise additional funds through an international flotation of OTE, but foreign investors would be able to buy shares in the company on the Athens bourse, a privatisation official said.

Coopers and Lybrand, the international accountants, have already completed an evaluation of OTE, funded by the European Community.

Several European telecoms companies have shown interest in OTE, the most profitable Greek state enterprise with earnings last year of Dr55bn. Credit Suisse First Boston is acting as the government's adviser on the sale.

Air France warns of FFr3bn loss

By William Dawkins in Paris

AIR France, the French state airline, yesterday warned that it faced a FFr3bn ($580m) net loss this year, more than four times the FFr685m deficit it made in 1991, because of the deepening recession in the air transport industry.

Mr Jean-Didier Blanchet, managing director, issued the loss warning at a staff council meeting which followed the decision by all 14 Air France unions to call a 24-hour strike on Monday November 23, the date of the next board meeting.

The stoppage is in protest at the 1,500 extra job losses among the group's 45,000 staff announced last month. Mr Blanchet called the strike "irresponsible", and warned that it would worsen the losses and could irreversibly lose customers.

The latest job cuts, all among ground staff, bring to 5,000 the number of employees to go in the two years to the end of 1993 and should trim FFr3bn from the group's annual operating costs, according to Mr Bernard Attali, the chairman. Unions are angered that Air France has warned that it cannot rule out redundancies, for the first time in its history.

Management yesterday reminded unions that the group had no option but to shed staff at a time when most of its competitors are making heavy losses. Airlines are suffering from overcapacity, as the recession continues, worsened by the fact that many of them took delivery of substantial orders for new aircraft just when growth in air traffic ground to a halt.

Air France's loss forecast is far heavier than expected, coming after a FFr1.8bn net deficit in the first nine months of this year.

Correction

BSkyB

WEEKLY revenues at British Sky Broadcasting in the three months ended September exceeded £6m ($9.3m) and not as wrongly reported yesterday.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$334.05	-5.80	$357.85	$359.40	$334.05
Silver Per troy oz	253.50p	+12.5	225.4p	243.50p	187.58p
Aluminium 99.7% (cash)	$1139.0	-6.75	$1155.0	$1332.0	$1105.5
Copper Grade A (cash)	£1397.5	-54.5	£1359.5	£1416.0	£1125.0
Lead(cash)	£294.5	-29.0	£292.55	£383.5	£278.50
Nickel (cash)	$5590	-480	$7450	$8195.0	$5590
Zinc SHG (cash)	$1022.0	-70.5	$991.5	$1457.5	$1022.0
Tin (cash)	$5720	-110	$5525.0	$7115.0	$5425.0
Cocoa Futures (Mar)	£751	+46	£794	£751	£523
Coffee Futures (Jan)	$910	-31	£537	$1013	$676
Sugar (LDP Raw)	$225	-3.4	$223.5	$272.6	$193
Barley Futures (Jan)	£128.85	-0.15	£117.90	£128.85	£106.90
Wheat Futures (Jan)	£129.90	-1.1	$121.55	£131.85	£109.85
Cotton Outlook A Index	52.75c	+1.15	65.85c	65.90c	52.25c
Wool (64s Super)	410p	+6	387p	480p	364p
Oil (Brent Blend)	$19.225x	-0.075	$22.375	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Dec.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Dec)		+ or -
Dubai	$17.20-7.25u	-0.10
Brent Blend (dated)	$19.10-9.15	-0.05
Brent Blend (Dec)	$19.20-9.25	-.075
W.T.I (1 pm est)	$20.35-0.40u	-0.15
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$207-209	-1.5
Gas Oil	$183-185	-1
Heavy Fuel Oil	$95-97	
Naphtha	$189-190	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$334.05	-4.65
Silver (per troy oz)♣	388.5c	-9.0
Platinum (per troy oz)	$368.5	+3.5
Palladium (per troy oz)	95.85	+0.10
Copper (US Producer)	104.0c	-0.5
Lead (US Producer)	41.0c	-1.0
Tin (Kuala Lumpur market)	14.23r	-0.12
Tin (New York)	284.5c	-4.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.01p	+1.05*
Sheep (live weight)†♠	74.05p	+0.04*
Pigs (live weight)†	80.37p	+0.32*
London daily sugar (raw)	$226.0z	-1.0
London daily sugar (white)	$258.5z	-1.4
Tate and Lyle export price	£255.5	-0.5
Barley (English feed)	£125.75	
Maize (US No. 3 yellow)	£146.00	
Wheat (US Dark Northern)	Unq	
Rubber (Dec)♥	63.00p	
Rubber (Jan)♥	63.00p	
Rubber (KL RSS No 1 Oct)	223.5m	
Coconut oil (Philippines)§	$505.0y	
Palm Oil (Malaysian)§	$407.5r	-2.5
Copra (Philippines)§	$330.0	-2.5
Soyabeans (US)	£161.5z	-1.5
Cotton "A" Index	52.75c	+0.10
Wooltops (64s Super)	410p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Nov/Mar. y-Jan/Feb u-Dec. w-Oct/Nov. z-Nov/Dec. †Meat Commission average fatstock prices. * change from a week ago ♥London physical §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	193.00	193.00	193.00	
Mar	195.20		194.00	
May	199.00		194.00	
White	**Close**	**Previous**	**High/Low**	
Dec	259.00	257.80	258.50	257.00
Mar	257.50	256.80	257.50	256.00
May	259.50	256.80	260.00	
Aug	264.00		262.00	
Oct	253.50	252.80	252.00	

Turnover; Raw 14 (22) lots of 50 tonnes. White 938 (1969) Paris- White (FFr per tonne): Dec 1405.01 Mar 1414.70

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Dec	19.19	19.38	19.63	19.19
Jan	19.25	19.45	19.55	19.25
Feb	19.30	19.48	19.54	19.28
Mar	19.28	19.41	19.38	19.26
Apr	19.25	19.40	19.34	19.24
May	19.27	19.35	19.30	19.27
Jun	19.25		19.26	19.24
IPE Index	19.17	19.17		

Turnover 22877 (42441)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Nov	178.75	180.00	183.00	178.75
Dec	180.50	182.00	184.75	180.25
Jan	182.00	183.75	185.75	182.00
Feb	182.00	183.50	185.00	182.00
Mar	179.00	180.50	182.00	179.00
Apr	176.00	177.00	179.00	176.00
May	174.00	175.00	176.00	174.00
Jun	173.00	174.00	174.00	173.00
Jul	174.00	175.75	176.00	

Turnover 18573 (25038) lots of 100 tonnes

SPICES

Pepper prices have remained steady after the recent uptrend, reports Man-producten. Some origins, including Indonesia and India, reduced their prices slightly and this made buyers more cautious. Brazil – normally the main supplier at this time of year – reports that the crop might be halved from last year's level. White pepper is offered at $1,550 a tonne cif and only slightly lower on shipment basis. Black pepper is available at $1,350 to $1,400 spot and at $1,250 to $1,350 cif on shipment basis.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	725	715	729	717
Mar	752	741	755	743
May	770	759	770	760
Jul	787	775	787	778
Sep	802	791	804	795
Dec	825	814	829	819
Mar	850	841	852	845
May	866	866	867	858
Jul	885		884	882
Sep	901		903	887

Turnover: 16178 (8674) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 5 766.30 (742.66) 10 day average for Nov 5 747.94 (746.67)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Nov	876	890	880	859
Jan	910	922	919	898
Mar	925	933	930	907
May	919	935	923	904
Jul	925	943	925	920
Sep	935	950	937	932

Turnover:5529 (3968) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 5: Comp. daily 56.79 (58.89) 15 day average 56.23 (56.04)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	58.5	60.5	60.0	58.5

Turnover 111 (79) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Dec	142.50	147.50	142.50
Feb	145.00		145.00
Apr	146.00		145.00

Turnover 80 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Nov	1225	1220	1228	1221
Dec	1230	1254	1230	901
Jan	1269	1264	1275	1265
Apr	1283	1275	1289	1283
Jul	1135	1130	1135	
BFI	1135	1124		

Turnover 178 (498)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Nov	128.00	128.60	128.00	
Jan	129.90	130.85	130.90	129.90
Mar	132.80	133.65	133.75	132.80
May	138.00	136.70	138.50	138.00
Sep	105.00	105.00	105.00	
Barley	**Close**	**Previous**	**High/Low**	
Nov	126.50		126.50	
Jan	128.85	128.50	129.00	128.85
Mar	132.00		132.00	

Turnover: Wheat 362 (384), Barley 80 (5).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Nov	116.0	114.0	115.5	114.0
Jan	104.0		103.5	103.0
Feb	103.5		103.0	
Mar	105.5		105.0	
Apr	105.5		105.0	
May	107.0	108.0	108.5	108.0
Jun	105.5		105.0	

Turnover 62 (18) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 25,626 lots
Cash	1138.5-9.5	1141-2		1138-8.5		
3 months	1163-3.5	1165-6	1166/1159	1163.5-4.0	1166-7	178,753 lots
Copper, Grade A (£ per tonne)						Total daily turnover 31,486 lots
Cash	1397-8	1431-2	1411	1411-2		
3 months	1425.5-6.0	1457-8	1440/1423	1438.5-4.0	1451-2	148,605 lots
Lead (£ per tonne)						Total daily turnover 2,620 lots
Cash	294-5	300-1	297	296.75-7.0		
3 months	306-7	312-3	312/305	308.50-9.0	307-8	24,573 lots
Nickel ($ per tonne)						Total daily turnover 7,444 lots
Cash	5585-95	5805-15	5580	6575-80		
3 months	5665-70	5880-5	5840/5650	5860-70	5680-90	33,745 lots
Tin ($ per tonne)						Total daily turnover 2,558 lots
Cash	5715-25	5805-15		5750-60		
3 months	5765-70	5880-5	5840/5720	5800-5	5740-50	9,888 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 14,194 lots
Cash	1021-3	1040-2	1021.5/1021	1021.5-2.0		
3 months	1040-1	1065.5-1.0	1053/1030	1040-0.5	1039-40	68,474 lots
LME Closing £/$ rate:						
SPOT: 1.5352	3 months: 1.5235		6 months: 1.5180			9 months: 1.5083

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	333.90-334.30	
Opening	337.00-337.30	
Morning fix	336.70	218.363
Afternoon fix	337.10	218.329
Day's high	337.30-337.60	
Day's low	333.50-333.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.91	6 months	2.20
2 months	2.01	12 months	2.49
3 months	2.05		

Silver fix	p/troy oz	US cts equiv
Spot	254.15	390.75
3 months	258.69	393.95
6 months	262.25	397.15
12 months	269.90	405.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	336.50-339.50	220.00-222.00
Maple leaf	344.30-346.85	-
New Sovereign	80.00-83.00	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1100	53	85	3	10
1200	4	28	68	50
1300	5	8	149	127
Copper (Grade A)	**Calls**		**Puts**	
2150	41	77	18	35
2200	17	51	44	58
2250	6	31	82	87
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
750	161	179	1	4
800	113	135	3	10
850	71	97	11	22
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
675	49	81	1	4
700	26	74	5	22
725	18	58	15	31
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1900	41		9	40
1950	12	46	23	67
2000	2	25		88

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	335.7	338.2	0	0
Dec	336.2	338.6	339.0	333.7
Jan	336.9	337.5	0	0
Feb	337.6	338.2	339.4	335.0
Apr	338.9	339.5	340.6	337.0
Jun	340.4	341.0	342.2	339.2
Aug	342.1	342.6	343.0	343.0
Oct	343.9	344.4	0	0
Dec	345.6	346.2	347.0	344.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	384.2	385.1	387.5	383.5
Apr	383.7	384.6	386.5	383.0
Jul	383.4	384.3	382.5	382.5
Oct	386.3	386.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	387.2	392.6	0	0
Dec	388.0	393.5	397.5	386.5
Jan	389.3	394.8	395.5	395.5
Mar	391.3	397.4	401.0	390.5
May	394.8	400.3	402.0	394.0
Jul	397.5	403.1	406.0	397.0
Sep	400.2	405.7	405.0	405.0
Dec	404.8	410.4	413.5	404.5
Jan	406.3	411.9	0	0
Mar	410.1	415.7	418.0	418.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	95.90	97.30	96.40	95.85
Dec	96.35	97.80	96.70	95.60
Jan	96.80	98.20	97.30	96.40
Feb	97.20	98.60	97.60	96.80
Mar	97.55	99.00	98.10	96.95
Apr	97.95	99.35	99.00	97.50
May	98.45	99.85	99.00	98.00
Jun	98.80	100.25	99.30	99.00
Jul	99.15	100.65	100.00	98.60
Aug	99.55	100.90	100.60	99.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	20.42	20.64	20.62	20.32
Jan	20.51	20.71	20.69	20.42
Feb	20.54	20.72	20.69	20.47
Mar	20.51	20.69	20.65	20.44
Apr	20.44	20.66	20.62	20.42
May	20.42	20.63	20.52	20.42
Jun	20.38	20.60	20.54	20.38
Jul	20.37	20.57	20.47	20.37
Aug	20.36	20.54	0	0
Sep	20.30	20.52	20.35	20.27

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	57.70	58.94	58.90	57.50
Jan	58.85	59.91	59.85	58.75
Feb	59.40	60.09	59.95	59.25
Mar	58.50	58.96	58.95	58.35
Apr	57.30	57.72	57.70	57.30
May	56.30	56.72	56.65	56.20
Jun	55.60	56.12	55.90	55.60
Jul	55.75	56.22	56.05	55.65
Aug	56.60	56.82	56.70	56.60
Sep	57.75	57.97	57.85	57.70

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	986	982	1005	986
Mar	1046	1031	1051	1038
May	1079	1070	1082	1070
Jul	1109	1092	1111	1100
Sep	1136	1119	1138	1124
Dec	1171	1154	1169	1156
Mar	1210	1193	1209	1196
May	1239	1222	1221	1221
Jul	1269	1252	1250	1250
Sep	1292	1275	1280	1270

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	64.30	64.95	65.20	63.45
Mar	66.60	66.90	67.35	65.80
May	69.50	69.65	70.10	68.75
Jul	71.40	71.25	71.50	70.60
Sep	73.00	72.75	73.25	72.00
Dec	75.25	75.00	75.50	74.60
Mar	77.30	77.05	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.79	8.69	8.80	8.66
May	8.91	8.80	8.91	8.79
Jul	8.95	8.85	8.95	8.84
Oct	8.94	8.85	8.94	8.84
Mar	8.96	8.86	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	55.66	55.02	55.78	54.91
Mar	56.47	55.86	56.59	55.73
May	57.23	56.60	57.50	56.30
Jul	57.85	57.15	58.20	57.00
Oct	58.25	57.65	58.50	58.25
Dec	58.40	57.70	58.40	57.80
Mar	58.95	58.38	58.65	58.65

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	96.10	97.70	98.70	96.10
Jan	94.35	95.85	96.35	94.00
Mar	95.60	97.15	97.60	95.60
May	96.85	98.05	98.40	96.75
Jul	96.85	98.05	98.25	97.00
Sep	96.85	98.05	98.25	97.00
Nov	96.35	97.45	96.55	96.50
Jan	96.35	97.45	97.25	97.25
Mar	96.35	97.45	97.05	97.05

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 6	Nov 5	mnth ago	yr ago
1646.8	1663.0	1590.9	1623.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov 5	Nov 4	mnth ago	yr ago
Spot	114.34	114.58	113.76	112.86
Futures	116.23	116.69	114.85	121.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	551/2	543/2	551/4	546/0
Jan	553/0	544/4	553/4	547/0
Mar	558/4	550/2	559/0	552/6
May	564/0	556/2	564/4	559/0
Jul	570/2	562/4	570/4	565/0
Aug	572/4	565/2	572/4	568/4
Sep	570/2	565/0	571/0	569/0
Nov	575/4	570/6	576/0	573/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.68	19.41	19.70	19.47
Jan	19.79	19.52	19.80	19.56
Mar	19.96	19.73	19.97	19.77
May	20.11	19.91	20.11	19.93
Jul	20.25	20.01	20.25	20.08
Aug	20.25	20.05	0	0
Sep	20.30	20.11	0	0
Oct	20.35	20.20	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	178.7	176.9	178.2	177.7
Jan	179.4	177.7	180.0	178.7
Mar	180.3	178.4	180.7	179.0
May	181.3	179.5	182.0	180.5
Jul	183.6	181.4	184.0	182.6
Aug	184.3	182.2	184.8	183.5
Sep	185.1	183.1	185.6	184.6
Oct	186.5	184.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	208/0	205/4	209/0	206/6
Mar	217/4	216/0	218/2	216/2
May	224/6	223/4	225/6	223/4
Jul	229/2	228/0	230/2	227/6
Sep	233/6	232/0	234/4	232/4
Dec	238/4	236/6	239/0	237/0
Mar	245/0	243/4	245/4	243/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	359/2	355/6	361/4	355/2
Mar	358/6	352/5	358/4	353/0
May	341/2	337/6	341/6	337/2
Jul	316/2	316/0	317/0	314/6
Sep	322/0	320/4	322/4	321/0
Dec	332/4	330/4	332/4	330/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.525	73.725	73.675	73.275
Feb	71.825	71.650	71.850	71.400
Apr	71.900	71.675	71.950	71.575
Jun	68.975	69.100	69.050	68.750
Aug	67.850	68.000	68.050	67.750
Oct	68.400	68.450	68.400	68.250
Dec	68.600	68.600	68.600	68.500

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	42.875	43.250	43.200	42.560
Feb	43.175	43.050	43.300	42.625
Apr	40.750	40.625	40.800	40.350
Jun	45.000	44.875	45.000	44.625
Jul	44.700	44.700	44.750	44.425
Aug	43.500	43.525	43.550	43.150
Oct	40.475	40.550	40.500	40.300
Dec	42.560	42.550	42.560	42.400

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	41.475	42.700	42.800	41.000
Mar	41.475	42.600	42.750	41.150
May	43.225	44.325	44.150	42.550
Jul	43.525	44.775	43.750	43.000
Aug	43.000	43.675	0	42.300

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Divisions over dollar rise

THE dollar yesterday continued the slow rise against the D-Mark that has accompanied Mr Clinton's election as US President, but doubts remain about whether the currency's ascent is about to move into an even faster gear, *writes James Blitz.*

This week, the currency has, in the words of one analyst, "puttered upwards." After closing at DM1.5420 last Friday night, it broke a key chart point of DM1.56 on election day, and closed in London at DM1.5940, up 1¼ pfennigs on the day.

In the short-term, the dollar's progress may be in the hands of Mr Clinton himself. If, for example, Mr Clinton were to choose Mr Paul Volcker, the former chairman of the US Federal Reserve, ass Treasury Secretary, the dollar could rise sharply because of his policy of raising US interest rates in the 1980s.

However, in the longer term, the dollar will respond to perceptions about the upturn in the US economy, and here opinion is divided.

Mr Brian Fabbri, chief economist for Midland Bank New York, gave a strikingly upbeat forecast for the US economy at a conference in London yesterday. "The economy is likely to grow more rapidly in 1993, and growth should accelerate to 2.5 per cent from 1.7 per cent this year," he said. "The dollar should appreciate quite rapidly."

However, Mr Neil Mackinnon, chief currency strategist at Citibank in London, is more subdued. "Mr Clinton's election victory is unlikely to result in any dramatic improvement in the economy for at least the next 6-12 months," he says.

He argues, for instance that the president-elect's stated aim of introducing investment tax credits may sap investment in the short-term as companies wait for the president's plans to be implemented.

However, Mr Jim O'Neill, head of research at Swiss Banking Corporation in London, is a strong dissenter in a camp of his own. "I can't get bullish longer-term about the dollar," he said yesterday. "The next 10 pfennigs will be downwards, and I don't rule out the possibility of new lows against the D-Mark."

He believes there is still much weakness in the US economy, pointing to yesterday's sluggish rise in the non-farm payroll figure, up 27,000 in October, as evidence. Mr O'Neill also believes that the market is ignoring the D-Mark's residual strength. Shorter-term D-Mark interest rates remain nearly 6 per cent above those for the dollar, and, he argues, the Bundesbank will not ease policy quickly. "People who think the D-Mark may have problems have to think again," he says.

£ IN NEW YORK

Nov 6	Latest	Previous Close
£ Spot	1.5385-1.5395	1.5360 1.5360
1 month	0.58-0.56pm	0.61 0.60pm
3 months	1.39-1.36pm	1.41 1.38pm
12 months	3.65-3.55pm	3.75 3.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 6	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Belgian Franc	41.9547	40.4953	-3.48	4.87	[illegible]
Dutch Guilder	2.29193	2.21494	-3.36	4.74	43
D-Mark	2.03412	1.96887	-3.21	4.58	46
Danish Krone	7.75901	7.54629	-2.74	4.07	11
French Franc	6.82216	6.65813	-2.40	3.71	-3
Irish Punt	0.759300	[illegible]	-1.90	3.18	-27
Portuguese Escudo	176.844	175.422	-0.80	2.04	-6
Spanish Peseta	139.176	140.875	1.22	0.00	-42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5335 - 1.5455	1.5365 - 1.5375	0.59-0.57cpm	4.53	1.39-1.36pm	3.58
Canada	1.9155 - 1.9325	1.9265 - 1.9275	0.22-0.08cpm	0.93	0.44-0.36pm	1.08
Netherlands	2.7335 - 2.7600	2.7500 - 2.7600	0.19-0.29cdis	[illegible]	1.01-1.15dis	-1.57
Belgium	49.90 - 50.50	50.20 - 50.30	[illegible]	-3.%	14-21dis	-1.39
Denmark	9.3080 - 9.4030	9.3825 - 9.3925	2.09-4.14oredis	-1.98	7.36-10.60dis	-3.83
Ireland	0.9180 - 0.9265	0.9246 - [illegible]	0.59-0.67cdis	-0.17	1.80-2.00dis	-0.22
Germany	2.4305 - [illegible]	[illegible] - 2.4525	0.20-0.26pfdis	-1.13	1.01-1.10dis	-1.72
Portugal	216.65 - 218.50	217.50 - 218.50	245-280cdis	-14.45	640-740dis	-12.66
Spain	173.60 - 175.60	175.25 - 175.55	93-111cdis	-6.98	290-324dis	-7.00
Italy	2076.70 - 2098.60	[illegible]	10.90-14.40lidis	-7.25	36.50-41.60dis	-7.46
Norway	9.8700 - 9.9600	9.9325 - 9.9425	1.33-3.00oredis	-2.61	6.07-8.56dis	-2.94

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.26-2.21pm. 12 Month 3.65-3.50pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000; French Fr. per 10; Lira per 1,000; Belgian Fr. per 100; Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5370	1.5312	1.5233	1.5147	[illegible]
D-mark	2.4500	2.4475	2.4391	2.4279	2.1020
French Fr.	8.2850	8.2743	8.2388	8.1848	8.1125
Swiss Fr	2.2000	2.1978	2.1966	2.1983	2.1938
Yen	189.00	188.40	187.41	186.35	183.09

MONEY MARKETS

Optimism on UK rate

CAUTIOUS optimism that European interest will be cut has dominated money markets all week, and this was the note on which trading closed yesterday, *writes James Blitz.*

There is now a clear expectation in the sterling market that UK base rates will be cut in conjunction with Thursday's autumn statement. Dealers only differ over the scale of the cut. Some argue that it will be as small as ½ a percentage point, and others, more daringly, punt on a 2 per cent fall in base rates.

UK clearing bank base lending rate 8 per cent from October 16, 1992

Whatever the differences, the optimistic mood brought 3-month money down ¾ per cent on the week to a close of 7$\frac{5}{16}$ per cent offered yesterday. The December short sterling contract closed 20 base points up from last Friday's close, at 93.54 yesterday. This prices 3-month money in December at around 6½ per cent, a level compatible with 8 per cent base rates.

The downward trend in money market rates is almost certain to continue in the early part of next week. One commercial bank dealer expected 3-month money to be at around 7⅛ per cent, or even 7 per cent, by Wednesday.

In the French and German markets, too, there is a growing feeling that rates will be cut soon.

The 25 basis point cut in the French intervention rate on Monday gave an upward boost to French cash rates and futures all week. Three-month money closed at 9$\frac{5}{16}$ per cent offered yesterday, some ¾ per cent down on the week.

The December franc contract reached a high of 91.00 yesterday, some 20 basis points up from Tuesday's opening level.

But, the French markets are expecting rates to come down slowly because of the currency's membership of the European Exchange Rate Mechanism.

Yesterday's close for the December contract prices in only 25 basis points off the intervention rate this year. Dealers will be watching the Bank of France's repurchase operations on Monday and Thursday for official movement.

The French market's caution is explained by the Bundesbank's recent statements.

The German central bank has hinted strongly that it will be watching how the German government targets the budget deficit and the public sector pay round in the next few weeks, before cutting the discount rate.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PHILADELPHIA SE £/$ OPTIONS

PARIS

† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday November [illegible] 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	891,331,348	- 1,308,860,235
Bankers Deposits	1,518,657,785	- 79,045,792
Reserve and other Accounts	3,771,122,407	+ 97,179,958
	6,195,664,540	- 1,288,516,069
ASSETS		
Government Securities	1,452,141,175	+ 175,380,000
Advance and other Accounts	3,417,373,676	+ 252,437,511
Premises Equipment & other Secs	1,322,218,162	- 1,715,484,184
Notes	3,727,352	- 820,957
Coin	204,175	- 8,439
	6,195,664,540	- 1,288,516,069
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,206,272,648	+ 40,820,957
Notes in Banking Department	3,727,352	- 820,957
	16,210,000,000	+ 40,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	6,010,444,900	- 172,731,204
Other Securities	10,188,540,000	+ 212,731,204
	16,210,000,000	+ 40,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	8	Credit Lyonnais	8	McDonnell Douglas Bnk	8
Allied Trust Bank	8	Cyprus Popular Bk	8	Midland Bank	8
AIB Bank	8	Duncan Lawrie	8	Mount Banking	8
● Henry Ansbacher	8	Equatorial Bank plc	8	Nat Westminster	8
B & C Merchant Bank	13	Exeter Bank Limited	8.5	Northern Bank Ltd	8
Bank of Baroda	8	Financial & Gen. Bank	8	Nykredit Mortgage Bank	8.5
Banco Bilbao Vizcaya	8	● Robert Fleming & Co.	8	● Rea Brothers	8
Bank of Cyprus	8	Girobank	8	Roxburghe Bank Ltd.	10
Bank of Ireland	8	● Guinness Mahon	8	Royal Bk of Scotland	8
Bank of India	8	Habib Bank AG Zurich	8	● Smith & Williamson Secs.	8
Bank of Scotland	8	● Hambros Bank	8	Standard Chartered	8
Banque Belge Ltd	8	Hampshire Trust Plc	12.5	TSB	8
Barclays Bank	8	Heritable & Gen Inv Bnk.	8	Unibank plc	8
Brit Bk of Mid East	8	● Hill Samuel	8	● United Bk of Kuwait	8
● Brown Shipley	8	C. Hoare & Co.	8	Unity Trust Bank Plc	8
CL Bank Nederland	8	Hongkong & Shanghai	8	Western Trust	8
Citibank NA	8	Julian Hodge Bank	8	Whiteaway Laidlaw	8
City Merchants Bank	8	● Leopold Joseph & Sons	8	Yorkshire Bank	8
Clydesdale Bank	8	Lloyds Bank	8		
Co-operative Bank	8	Meghraj Bank Ltd	8		
Coutts & Co	8				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

◆ Intra firm deal. Φ Bargains done the previous day.

British Funds, etc

No. of bargains included 3821

Treasury 13¾% Stk 2000/03 - £131¾
Exchequer 10½% Stk 2005 - £115¾
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £125¾ 6¼ (4No92)

Corporation and County Stocks

No. of bargains included 8

London County 2½% Cons Stk 1920(or after) - £23 (4No92)
Birmingham Corp 3% Stk 1947(or after) - £28
3½% Stk 1946(or after) - £33
Birmingham District Council 11½% Red Stk 2012 - £114
Bristol(City of) 11¾% Red Stk 2008 - £114¾
Leeds(City of) 13½% Red Stk 2006 - £128½ (3No92)
Manchester(City of) 11.5% Red Stk 2007 - £112½
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £109
Sunderland(Borough of) 11¾% Red Stk 2008 - £118

UK Public Boards

No. of bargains included 3

Agricultural Mortgage Corp PLC 6¾% Deb Stk 92/94 - £98
7¾% Deb Stk 91/93 - £100¾ (3No92)
10¾% Deb Stk 92/95 - £99½ (4No92)
Port of London Authority 3½% Stk 49/99 - £70
Scottish Agric Sec Corp Ld 3½% Deb Stk 92/93 - £96 (30Oc92)

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included 126

Hungary,(Republic of) 7½% Stg Bds(Assd Lon 1980 Sml) - £40 (2No92)

(3No92)
5¾% Nts 1993 - £100¾ (30Oc92)
International Bank for Rec & Dev 9¾% Bds 2007 (Br£5000) - £101¾ ¾
10% Bds 1999 - £108¾Φ
10¾% Nts 1999 (Br£5000) - £110¾ (4No92)
11% Nts 1994(Br£5000) - £107¾ (2No92)
11¾% Nts 2001 - £115.95 (30Oc92)
International Bank for Rec & Dev 12% Nts 1995 - £112½ (4No92)
Italy(Republic of) 10½% Bds 2014 (Br£10000&50000) - £102¾ 3¾

NG50.15 .2 ½ .3 .35 .4 .45 .5 .51 .52 .55 .65 .67 ¾
ADT Ld Com Shs $0.10 - 440 2 3 5 5 60
APV PLC 4.55% Cum Prf £1 - 62 (30Oc92)
Aberdeen Trust PLC Ord 10p - 26
Wts to Sub For Ord - 38
Airflow Streamlines PLC 10% Cum Prf £1 - 94
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 67
All Nippon Airways Co Ld Shs Com Stk Y50 - Y982.844 70
5½% Cum Prf £1 - 57

LONDON STOCK EXCHANGE

FT-SE Index holds on to 2,700 mark

By Terry Byland, UK Stock Market Editor

THE UK stock market held on to most of the high ground recaptured this week despite some profit-taking yesterday. Trading volume remained high and the second line stocks outperformed the FT-SE 100 list as the institutions widened their investment range in the stock market.

The plans by the US government to impose punitive tariffs on some European farm exports unsettled distillery issues which could be affected if the US action is extended to other areas. But the broad range of the London stock market was focusing on the British government's Autumn Statement, due next Thursday, when the City of London hopes to see the first steps in the official "strategy for growth." Some traders suggested that the eagerly-awaited cut in base rates might also come next week.

Early gains, which put 4 points on the Footsie, melted away as profit-takers appeared and the market spent the rest of the session in negative territory. However, dealers stressed that selling pressure, largely concentrated on the Footsie list, was never of any great significance. At least four trading programmes were identified, and there were hints that a raid on the shares of Lonrho, the international trader, was planned.

A loss of 10 points was stemmed when the market rallied at the Footsie 2,701 level and, despite a slow start to the new session on Wall Street, London closed comfortably above the day's low.

The final reading showed the FT-SE Index at 2,702.7 for a net loss on the day of 8.4 points. Over a somewhat erratic first leg of the two week account, the equity market has gained 44.4 Footsie points, or about 1.7 per cent.

Seaq volume was again strong yesterday at 652.8m shares, only just below the 701.8m of the previous session. Retail, or customer, business in equities jumped nearly 25 per cent to £1.5bn on Thursday.

London is waiting for a more definite response from Wall Street to the outcome of the US presidential election. But confidence that the UK economy will be stimulated has reappeared.

Mr Nicholas Knight of Nomura Research said yesterday that what lies ahead in the UK stock market is "too good to miss."

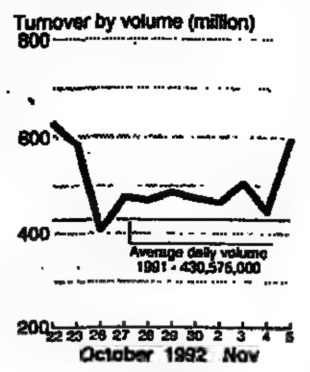
Gilts remained firm, making little response to the issue of a £1bn tranche of Treasury 2009 stock. Index-linked issues shaded lower.

Account Dealing Dates		
*First Dealings:		
Oct 19	Nov 2	Nov 16
Option Declarations:		
Oct 29	Nov 12	Nov 26
Last Dealings:		
Oct 30	Nov 13	Nov 27
Account Day:		
Nov 9	Nov 23	Dec 7

*New time dealings may take place from 8.30am two business days earlier.

● Equity volume slipped lower ahead of the Maastricht vote in the UK and the pressidential election in the US but is now moving higher again.

London SE volume



Tomkins buys up RHM

THE DECISION by Hanson to withdraw its bid for Ranks Hovis McDougall (RHM) yesterday prompted the biggest daily turnover in shares of the food group for at least 10 years as Tomkins, which appears to have won through with its £935m counter offer, piled into the market.

Dealers said that BZW, which has been acting for Tomkins, was crossing RHM shares between institutions and the group at 260p. This compared with a market bid price of 257p. Most of the business was done early in the day and resulted in closing turnover of more than 67m shares. It is estimated that the buying will have taken Tomkins stake in RHM to around 10 per cent ahead of the issue of the two-for-one rights issue offer document on Monday. Tomkins expects to raise £672m in one of the biggest ever cash calls in the UK. By the close, RHM had eased 4¼ to 257½p and Tomkins had fallen 2 to 226p on turnover of 8.2m. Meanwhile, Hanson closed 2½ lower at 229½p with 12m shares traded.

Unilever upset

Food and household products firm Unilever fell 29 to 1080p after third-quarter figures that came at the bottom of the market's expectations inspired analysts to cut forecasts.

Some analysts were particularly disappointed at the small increase in the sterling dividend payment, up only 3 per cent to 5.2p. Mr Carl Short shaved his full-year forecast by £33m to £2,005m and his 1993 figure by £25m to £2,385m. However, BZW, which had had the lowest forecast, was pleasantly surprised and upgraded its 1993 figure to take account of improved currency rates. Reckitt & Colman lost 10 to 625p in sympathy.

Spring Ram sold

Building supplies group Spring Ram had a rough ride in the market for two reasons. First, the stock came under pressure after Spring Ram was confirmed as the bidder for Stag Furniture; secondly, the group said it had identified financial irregularities at its Balterley Bathrooms subsidiary which will cause Spring Ram to take an exceptional charge of up to £3.5m in its current-year figures.

Spring Ram dropped sharply as the news filtered into the market. At their worst, the shares touched 112p before closing 43 off at 113p. Turnover reached 19m shares.

Specialists were surprised at the level of selling. One said news of a probable extraordinary charge had been in the market for some time and had driven the shares down to a low of 104p during the early part of September. Stag Furniture shares shot up 39 to 158p

Shares in Calor Group saw more heavy activity and dipped 5 to 240p after a reported denial by SHV, the privately-owned Dutch company which already has a 46 per cent stake in Calor, that it would bid for the rest of the stock.

There was evidence in the market that a big buyer had been operating. A series of big trades were revealed by the Seaq ticker, including blocks of 425,000 at 240p, 408,000 shares at 235p, 350,000 at 237½p, 1.1m at 240½p and 900,000 at 240p.

Turnover in Calor shares was the heaviest for at least two and a half years and led oil sector specialists to take the view that SHV had been operating in the market to increase its shareholding to around 48 per cent.

Hints that one of the big institutions had been switching out of Racal Electronics and into Chubb produced some exceptionally heavy trading in the two stocks. Racal dipped 2 to 154p on turnover of 5.3m while Chubb edged up 3 to 197p on 5.7m traded.

BICC rose 3 more to 266p after a visit and subsequent positive recommendation made by Smith New Court, the securities house.

Talk of a dawn raid on Monday surrounded international conglomerate Lonrho late in the afternoon and the shares jumped 5 to 77p. The Seaq electronic trading system gave conflicting information but one page revealed a block of 5m shares dealt at 77p. This number of shares would be more than the total average daily turnover. One suggestion was that 7.26 per cent stake holder Genting, one of Malaysia's biggest companies, might be paving the way for a bid.

Royal Insurance moved up a further 3 to 237p, with continued strong support from one broking house said to be the major influence in the shares' recent big rise.

Suggestions that CE Heath, the insurance broking firm, may cut its interim dividend when it announces results on November 19, triggered a 19 fall in the shares to 291p.

Fisons was knocked in early trade with the market focusing on a report in an on-line specialist magazine saying that eye treatment Opticrom would not get re-approval in the US this year. However, analysts said the information was not new and Fisons recovered from to close only 6 lower at 216p.

Food retailer Argyll moved up 9 to 361p on heavy turnover of 10m shares as investors were said to be looking for a home for their funds after moving out of Sainsbury on the announcement of interim figures on Wednesday. Sainsbury eased 2 to 489p.

Northern Foods rose 10 to 285p as some analysts argued that the stock was on an undeservedly low rating.

Fears of a US trade war prompted Guinness to fall 10 to 516p and Allied-Lyons to slip 10 to 640p. Both have heavy exposure to the US and Lehman Brothers said that Allied had risen too far.

Reports that a group of executives had left Virgin Music, acquired by Thorn EMI last March, worried some investors. Combined with profit taking, the shares fell 16 to 817p, in trade of 2m shares.

Chemicals company Leigh Interests jumped 17 to 158p on revived interest and talk of speculative buying. S.G. Warburg has the stock on its buy list and believes the shares are cheap below 150p.

Strong two-way business in Vickers prompted turnover of 5.4m with the shares losing 5 to 80p, as profit-takers gained the upper hand. A BZW recommendation was reported in Howden Group, helping the shares firm 5 to 56p.

Office and photographic equipment distributor Gestetner jumped 18 to 156p, making it the day's biggest rise in the market in percentage terms, on speculation that it would soon receive a bid from Inchcape, 2 better at 499p.

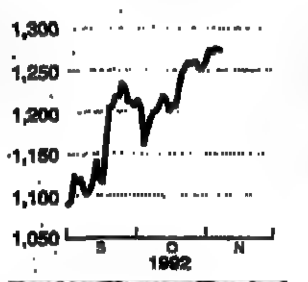
Coats Viyella held firm on the eve of an analysts visit to Carolina to discuss prospects for the company, the shares hardening a penny at 207p.

City of London chop house Simpsons rose 2 to 34p in early trading after leisure, property and printing group Baldwin made an agreed offer for the group valuing its ordinary share capital at £1.68m. Baldwin eased a penny to 74p.

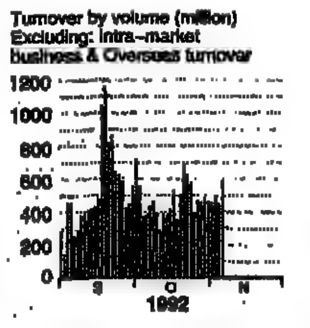
MARKET REPORTERS:
Peter John,
Joel Kibazo,
Steve Thompson.

■ Other market statistics, Page 13

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (137).
BRITISH FUNDS (38) Fd. 8pc '93, Tr. 10pc '94, Tr. 9pc '94, Ex. 9pc Gas '90-95, Ex. 10¼pc '95, Tr. 12¼pc '95, Cv. 10pc '96, Tr. 13¼pc '97, Tr. 8¾pc '97, Ex. 15pc '97, Ex. 9¾pc '98, Tr. 7¾pc '98, Tr. 6¾pc '95-98, Tr. 15½pc '98, Ex. 12pc '98, Tr. 9½pc '99, Ex. 12¼pc '99, Tr. 10½pc '99, Cv. 10¼pc '99, Cv. 9pc '00, Tr. 13pc '00, Tr. 14pc '98-01, Tr. 10pc '03, Cv. 9½pc '04, Cv. 9½pc '05, Tr. 12½pc '03-05, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 13½pc '04-08, Tr. 9pc '08, Tr. 8pc '09, Cv. 9pc '11, Tr. 5½pc '08-12, Tr. 7¾pc '12-15, Consols 4pc, Tr. 2½pc IL '01, Tr. 2pc IL '06, Tr. 2½pc IL '09, OTHER FIXED INTEREST (8) African Dev. 11¼pc '10, Asian Dev. 10¼pc '09, B'ham 11½pc '12, Leeds 13½pc '06, L'pool 3½pc Irred., LCC 6pc '20 Aft., M'chester 11½pc '07, Utd. Mex. States 16½pc '08, AMERICANS (10) Amer. Cyanamid, Amer. T & T, BankAmerica, Cont. Bank, Fluor, Lowe's, Morris (Ph), Pall, Time Warner, Woolworth, CANADIANS (1) Nova Corp of Alberta, BANKS (2) HSBC, Standard Chartd., BREWERS & DISTILLERS (1) Taunton Cider, BUSINESS SERVICES (2) Hays, Salvesen, ELECTRICALS (1) Motorola, ELECTRONICS (2) Macro 4, Rodime, ENGINEERING GENERAL (2) Fairey, Halma, FOOD MANUFACTURING (1) Dalgety, HEALTH & HOUSEHOLD (1) Headlam Tech., HOTELS & LEISURE (3) Granada 7½pc Cv. Pf., Mandarin Oriental, Sleepy Kids, INSURANCE COMPOSITE (2) Aon, USF & G, INSURANCE LIFE (1) Lincoln Natl., INVESTMENT TRUSTS (31) Abtrust New Dawn Warrants, American B, BZW Conv., Brit. Assets, Broadgate, China & Eastern, City of Oxford Zero Pf., Drayton Asia, Drayton Recovery Pfd. Growth, EFM Dragon Wts., English & Scot., First Philippine, Do. Wts., Gartmore Scot. Zero Pf., Monk Inv., Murray Intl. B, New Zealand Inv., Pacific Horizon, Paribas French, RIT Cap. 2½pc Cv. '00, Robeco, Do Sub. Shs., Rolinco, Do Sub Shs., Scot. Inv., Siam Selective Gwth., Siam Selective Gwth. TR Far East, TR Pacific, US Smaller Co's., Do. Wts., MEDIA (3) Haynes Pubs., TVS 7.4pc Pf. '08, Utd. News., METAL & METAL FORMING (1) Morris Ashby, MISCELLANEOUS (4) BAT Inds., Bluebird Toys, Gestetner, Stag Furn., MOTORS (1) First Tech., OIL & GAS (1) Pict., OTHER FINANCIAL (2) Perpetual, Tyndall Australia, OTHER INDUSTRIAL MATERIALS (1) [illegible]

[illegible]

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	58	6	12	299	113	38
Other Fixed Interest	10	2	3	25	25	24
Commercial, Industrial	302	215	901	1,608	1,002	4,492
Financial & Property	146	89	357	672	453	2,593
Oil & Gas	20	13	52	75	79	271
Plantations	0	0	6	1	2	38
Mines	32	16	97	114	152	467
Others	58	33	26	240	190	161
Totals	626	376	1,467	3,281	2,014	8,064

FT-SE Actuaries Share Indices — THE UK SERIES

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2702.7	2711.1	2691.7	2705.6	2687.8	2554.0	2737.8	2281.0	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Mid 250	2579.0	2572.2	2560.7	2558.3	2541.9	2542.7	2825.8	2157.6	2825.8 (20/5/92)	1379.4 (21/1/86)
FT-SE-A 350	1304.4	1307.0	1298.3	1303.5	1294.9	1244.5	1342.7	1103.1	1342.7 (11/5/92)	664.5 (14/1/86)

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/Day	Low/Day
FT-SE 100	2714.9	2706.9	2707.0	2702.4	2701.9	2705.7	2709.6	2706.3	2703.6	2715.1	2701.0
FT-SE Mid 250	2576.9	2573.6	2575.2	2577.1	2576.4	2578.9	2579.5	2579.5	2578.7	2579.7	2572.1
FT-SE-A 350	1308.9	1305.5	1305.7	1304.1	1303.9	1305.6	1307.1	1305.8	1304.7	1309.0	1303.1

Gross dividend yield (ACT at 25%) FT-SE 100 4.46%

FINANCIAL TIMES EQUITY INDICES

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Year ago	* High	* Low
Ordinary share	2005.4	2009.2	1999.7	2007.2	1996.1	1972.0	2149.7	1670.0
Ord. div. yield	4.56	4.54	4.56	4.56	4.59	4.97	5.34	4.24
Earning yld % full	6.46	6.44	6.47	6.45	6.50	7.60	-	-
P/E ratio net	19.75	19.81	19.72	19.77	19.62	16.50	20.84	15.79
P/E ratio nil	18.25	18.31	18.23	18.27	18.13	15.58	-	
Gold Mines	71.1	69.5	70.1	72.3	73.2	149.4	160.6	65.0

*for 1992 Ordinary share index since compilation: high 2149.7 22/5/92 - low 49.4 26/6/40
Gold Mines index since compilation high 734.7 15/2/83- low 43.5 26/10/71 Basis Ordinary share 1/7/35 Gold Mines 12/9/55

Ordinary Share Hourly Changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/Day	Low/Day
2017.2	2010.4	2008.2	2001.4	2002.3	2005.2	2007.6	2005.6	2005.8	2017.2	2001.2

Volume	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Year ago
SEAQ Bargains	27,278	24,598	25,618	29,133	25,214	26,049
Equity Turnover(£m)†	-	1515.4	1152.0	1240.8	1082.4	697.31
Equity Bargains†	-	28,835	29,127	32,414	25,827	25,191
Shares traded (mil)†	-	597.9	447.3	503.3	467.0	385.7

† Excluding intra-market business and overseas turnover

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	11	475	+1	Comm. Union	647	570	-1	Lonrho	2,400	77	+5	Shell Transport	[illegible]	[illegible]	[illegible]
ASDA Group	19,000	46	+½	Cookson	780	164	+1	Lucas	1,700	116	-2	[illegible]	[illegible]	[illegible]	[illegible]
Abbey National	3,100	346	-2	Courtaulds	483	494	-6	MB Caradon	714	277	+4	Slough Ests	[illegible]	[illegible]	[illegible]
Albert Fisher	4,200	44		Dalgety	1,500	466	+13	MEPC	[illegible]	[illegible]	-6	Smith (W.H.) A	[illegible]	[illegible]	[illegible]
Allied-Lyons	1,300	640	-10	De La Rue	283	857	+4	Manweb	[illegible]	[illegible]	+6	Smith & Nephew	[illegible]	[illegible]	[illegible]
Amstrad	3,500	20	-1	Dixons	1,500	220	-1	Marks & Spencer	[illegible]	[illegible]	+2	SmKl Beecham	[illegible]	[illegible]	[illegible]
Anglian Water	697	472	+6	Eastern Elect	692	389	+1	Midlands Elect	791	403	+1	SmKl Beecham Uts	[illegible]	[illegible]	[illegible]
Argos	1,100	260	+3	East Midland Elect	1,100	389	+9	NFC	1,000	[illegible]	+3	Smiths Inds	[illegible]	[illegible]	[illegible]
Argyll Group	10,000	361	+9	Eng China Clays	2,300	420	-1	National Power	[illegible]	[illegible]	[illegible]	Southern Elect	[illegible]	[illegible]	[illegible]
Arjo Wiggins	2,400	167½	+1½	Enterprise Oil	2,100	447	+2	Natwest	[illegible]	[illegible]	+4	South Wales Elect	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	592	441	+1	Eurotunnel Units	70	553	-3	Next	1,200	[illegible]	+2	South West Water	[illegible]	[illegible]	[illegible]
Ass. Brit. Ports	558	307	+1	FKI	243	88	+1	North West Water	877	[illegible]	+2	South West Elect	[illegible]	[illegible]	[illegible]
BAA	1,200	758	+5	Fisons	1,700	216	-6	Northern Elect	154	428	+4	Southern Water	[illegible]	[illegible]	[illegible]
BAT Inds	[illegible]	927	-30	Forte	2,600	[illegible]		Northern Foods	1,300	285	+10	Standard Chartd	[illegible]	[illegible]	[illegible]
[illegible]															
Brit. Aerospace	613	149		ICI	[illegible]	[illegible]		Rolls-Royce	6,000	135	-1	Utd Newspapers	[illegible]	[illegible]	+8
British Airways	3,900	303½	+10½	ICI	806	1037	-11	Rothmans	140	620		Vodafone	[illegible]	[illegible]	-4
British Gas	6,100	277	+5	Inchcape	1,180	499	+2	Ryl Bk Scotland	2,900	186	-½	Warburg (SG)	[illegible]	[illegible]	
British Land	845	180		Kingfisher	1,600	561	+10	Royal Insurance	3,400	237	+3	Wellcome	[illegible]	[illegible]	+11
British Steel	3,800	50½	+½	Kwik Save	573	734	+10	Saatchi	1,700	156	-3	Welsh Water	[illegible]	[illegible]	+10
Bunzl	26	104	+1	Ladbroke	1,300	162	-2	Sainsbury	986	489	-2	Wessex Water	[illegible]	[illegible]	+2
Burmah Castrol	208	664	+4	Land Securities	1,000	421		Scottish & New	234	432		Whitbread A	[illegible]	[illegible]	+3
Burton	1,800	42½		Laporte	426	594	+2	Scot. Hydro-Elect	1,100	223		Williams Hldgs	[illegible]	[illegible]	-3
Cable & Wire	1,800	660		Legal & General	1,000	400	+2	Scottish Power	3,800	224	+1	Willis Corroon	1,100	[illegible]	-4
Cadbury Schweppes	1,700	468	+1	Lloyds Abbey	1,100	302	+1	Sears	1,400	62		Wimpey	1,700	[illegible]	+1
Calor Group	3,800	240	-5	Lloyds Bank	1,000	485	-4	Sedgwick	1,000	154	-4	Wolseley	313	445	+11
Carlton Comms.	1,000	705	+1	LASMO	682	172	-2	Seeboard	557	431	+5	Yorkshire Elect.	2,400	466	+4
Coats Viyella	1,900	207	+1	London Elect.	626	425	+5	Severn Trent Water	1,500	468	+3	Yorkshire Water	[illegible]	[illegible]	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES ended the week in a dull mood with dealers awaiting next week's autumn statement and further news on a cut in base rates, writes Joel Kibazo.

The December FT-SE future opened at 2,737 and after a brief squeeze was led lower by "locals" – independent traders – in thin trading.

Thereafter, the contract traded in a narrow range of 2,725 and 2,735, with the afternoon proving to be as dull as the morning.

The premium was well below that seen in recent sessions, being between 5 to 15 points throughout the session.

December finished at 2,732, down 7 on Thursday's close and around 12 points above its estimated fair value premium to cash of about 17. Turnover was 6,146 lots.

Traded options were equally featureless and volume was a poor 21,808 contracts. The FT-SE options 100 contract accounted for 4,556 of the total and the Euro-FT-SE 100 option 826 lots. Asda was once again the most active stock option with a day's total of 4,377 trades. ■

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.7254	+0.337	8.82	8.93	8.86
BELGIUM		8.750	06/02	104.9800	+0.280	7.98	8.16	8.39
CANADA *		8.500	04/02	103.1500	-1.150	8.01	7.84	7.78
DENMARK		9.000	11/00	102.0950	+0.895	8.63	8.84	9.80
FRANCE	BTAN	8.500	03/97	101.8775	+0.036	7.94	8.17	8.81
	OAT	8.500	11/02	102.9950	+0.260	8.05	8.18	8.46
GERMANY		8.000	07/02	104.3450	+0.155	7.36	7.40	7.43
ITALY		12.000	05/02	93.8050	+0.265	13.591	13.60	14.67
JAPAN	No 119	4.800	06/99	100.8610	-0.129	4.63	4.61	4.56
	No 145	5.500	03/02	105.0654	-0.071	4.72	4.72	4.80
NETHERLANDS		8.250	06/02	104.5800	+0.130	7.56	7.58	7.74
SPAIN		10.300	06/02	87.6500	-0.300	12.55	12.46	14.06
UK GILTS		10.000	11/96	110-16	+3/32	6.94	7.07	8.54
		8.750	08/02	110-30	+12/32	8.10	8.13	9.17
		9.000	10/08	103-25	+13/32	8.56	8.59	9.46
US TREASURY *		6.375	08/02	96-05	-10/32	6.92	6.74	6.56
		7.250	08/22	94-12	-11/32	7.73	7.62	7.44
ECU (French Govt)		8.500	03/02	88.2300	-0.130	8.78	8.82	9.42

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday November 6 1992

Water	+	47.75	Capital Goods	-	5.63
Banks	+	36.12	Conglomerates	-	5.86
Electronics	+	26.84	Packaging, Paper & Printing	-	4.95
Electricity	+	21.56	Consumer Group	-	4.63
Other Industrials	+	21.40	Business Services	-	3.48
Food Retailing	+	18.73	Food Manufacturing	-	3.27
Media	+	17.18	Brewers & Distillers	-	0.84
Textiles	+	16.89	Health & Household	-	1.31
Financial Group	+	16.72	Engineering-General	-	2.99
Other Groups	+	14.14	Chemicals	-	4.56
Telephone Networks	+	12.37	Oil & Gas	-	4.96
Insurance Composite	+	11.83	Hotels & Leisure	-	6.55
Stores	+	11.34	Electricals	-	7.47
Motors	+	10.59	Engineering-Aerospace	-	9.60
Transport	+	10.34	Metals & Metal Forming	-	9.72
Insurance (Life)	+	9.50	Building Materials	-	11.79
Merchant Banks	+	9.31	Contracting, Construction	-	20.97
Industrial Group	+	7.81	Insurance Brokers	-	21.64
All-Share Index	+	7.62	Property	-	23.64
500 Share Index	+	6.29	Gold Mines Index	-	48.44
Investment Trusts	+	6.12			

INVESCO MIM International Ld Japan Income & Growth - £7.386
Jennings Bros Ld Ord 25p - £1.8 (4No92)
Kleinwort Benson(Int) Fund Man Int Inc
Units Bond Fd - £7.0058
Int Equity Gwth Inc - £2.175424
Lawrie Group PLC Ord £1 - £19¾ (3No92)
Le Riche's Stores Ld Ord £1 - £2.2 (4No92)
Littlewoods Organisation Ld 12% "B" Cum Prf £1 - £1.37 (4No92)
Manx & Overseas Investments Ld Ord 5p - £0.025
Perpetual(Jersey) Offshore UK Growth - £0.627347 (30Oc92)
Poddington PLC Ord 5p - £0.02 (4No92)
Porton International PLC Ord £1 - £7.08 (2No92)
Rangers Football Club PLC Ord 10p - £1.1
Rothschild Asset Management(CI) Five Arrows Derivatives - $2.131 (30Oc92)
Old Court Major UK Co's Fund - £0.916 0.92377 (2No92)
Schroder Management Services(Guern) Schroder European Bond - $11.36995 11.4746 (30Oc92)
Scotts Holdings PLC Ord 10p - £0.8
Select Industries PLC Ord 2½p - £0.0325 New Ord 7½p(2½p Pd) - £0.0325
Shepherd Neame Ld "A" Ord £1 - £4.5
Southern Newspapers PLC Ord £1 - £3.37 2.4 (4No92)
Tadpole Technology PLC Ord 10p - 20% (3No92)
Thwaites(Daniel)& Co PLC Ord 25p - £14 (3No92)
Vista Entertainments PLC Ord 5p - 6%
Weetabix Ld "A" Non.V Ord 25p - £11.25 (4No92)
Yates Bros Wine Lodges PLC Ord 25p - £1

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Alltel Corp $46.225 46.475 (30.10)
Aust. Foundation Inv 77.0
Boise Cascade Corp $19 (30.10)
Cape Range Oil 16.0
City Developments $2.246
Community Psychiatric Centers $.375
Elec & Eltek Co 4.05 (4.11)
Forest Laboratories $39 25 (4.11)
Kuala Sidim Rubber M$2.34 (3.11)
Kulim Malaysia Ord 27.0
Lawter International $13.13.07 (30.10)
Malayan Cement M$4.916 (4.11)
National Electronics (Consolidated) HK$0.48 (4.11)
Oil Search 20.0 (2.11)
Playmates Hldgs HK$2.86 (2.11)
Robinson & Co S$6.30 (30.10)
Samantha Hldgs. Berhad A$1.11
Selangor Coconuts M$1.83 (4.11)
United Overseas Land S$1.35 (2.11)

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COMMODITIES

WEEK IN THE MARKETS

Clinton victory cheers white metals

BILL CLINTON'S victory in Tuesday's US presidential election was given a warm welcome in the New York platinum and silver markets, where traders hoped the incoming administration might be able to stimulate the economy. And that optimism spilled over on to the London bullion market.

Base metal traders, however, seemed to take little comfort from the prospect of a new hand on the helm of the US ship of state and all the London Metal Exchange contracts ended down on the week.

Though there were no clear fundamental factors to justify platinum's rally, which took the London price to $366.50 a troy ounce yesterday afternoon, up $12.35 on the week, technical explanations abounded.

The platinum market is traditionally firmer towards the end of the year, dealers told the Reuter news agency, and that seasonal factor might have been delayed by the US election. Chart patterns were looking bullish, they added, and the New York platinum market's rise had broken "key resistance".

When the price slipped in early trading yesterday the dealers explained that the market was "consolidating in a technical correction". The long term downtrend had been broken on Thursday, they added, and if the price moved above $370 an ounce an important reversal would be signalled.

Silver's post-election rally lifted the London spot price to 398.50 cents an ounce at one point. Yesterday the price moved below the key resistance point of 392 cents an ounce that had been breached on Thursday to close at 389.5 cents up 13 cents on the week.

Traders, however, were not dismayed. The market was "completing a small base pattern, underpinned in the 387-389-cent area", they told Reuter, adding that that should support a test of stiff resistance around 395-400 cents and a possible breakthrough up to 420 cents.

Gold did not join in with the platinum and silver rallies as the market remained under pressure from forward producer selling. Large sales that appeared to emanate from central banks were also weighing on the market. In London the gold price closed yesterday at $334.05 an ounce, down $4.95 on the day and $5.60 on the week.

The pound's continued weakness against the dollar helped the London Metal Exchange's sterling-denominated copper price to reach the highest level for more than two years at one point. But the fundamental gloom eventually overwhelmed the currency factor and the cash price ended the week £54.50 down at £1,397.50 a tonne, which translated into a nine-month dollar low of $2,148 a tonne, down $120 on the week.

Lead, the LME's other sterling contract, was even weaker. As the extreme sluggishness of demand was underlined by a further 8,000-tonne rise in LME warehouse stocks, to 195,575 tonnes, the cash price slipped to £294.50 a tonne, down £28 on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-425	to 1,427,950
Copper	+2,575	to 320,475
Lead	+2,000	to 195,575
Nickel	+[illegible]	to 57,[illegible]
Zinc	-5,225	to 382,525
Tin	-170	to 14,450

Possibly more disappointing, however, were the falls in the zinc and nickel markets, where moderately bullish developments appeared to be ignored.

The sustained uptrend in LME zinc stocks was reversed yesterday when a 5,225-tonne reduction took the total down to 382,525 tonnes. But the cash prices lost another $19 on the day to end the week $70.50 down at $1,022 a tonne.

The bullish news for nickel was Wednesday's announcement by Falconbridge of Canada, the second biggest producer, that it was cutting output at its Sudbury, Ontario, mines by 15 per cent to 38,000 tonnes next year because of the price slump.

However, the announcement produced only a modest rise in prices that day and by yesterday's close the cash quotation at the LME was down $480 on the week at $5,590 a tonne, the lowest level since early 1988.

At the London Futures and Options Exchange cocoa prices reversed last week's falls and moved on to fresh nine-month highs. Sterling's weakness played a part but was responsible for only about £8 of the £47 rise that took the March position to £752 a tonne.

Dealers noted that producers had mainly remained aloof, presumably waiting for further price gains before being tempted into the market.

At the half-way point of talks in Geneva on reviving the moribund International Cocoa Agreement the gaps between producers and consumers on the price range to be defended and the amount of stocks to be withdrawn from the market had been narrowed somewhat. But they remained dauntingly wide – and the thorny issue of financing the agreement remained to be tackled.

Richard Mooney

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

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	Bid Price	Offer Price	+ or -	Yield Gross
IBI Global Funds Limited				
Intl Stlg Grth	£20.33	21.41	.....	-
Intl $US Grth	$17.71	18.65	...	-
High Income Gilt	£26.07	27.02	.....	-
International Equity	£20.28	21.36	.....	-
International Bond	£22.62	23.45	...	-
Managed Currency	£27.49	27.78	...	-
Sterling Currency	£26.28	26.56	.....	-
US$ Currency	$37.69	38.08	.....	-
Irish £ Currency	I£25.02	15.18	...	-
Target International (Isle of Man) Ltd				
INC Offshore Fd	£8.98	9.68	.....	-
B.F. Offshore Inc Fd Ltd.	£11.50	12.02	.....	-
Nelson Miles W/W5/5	£8.90	9.27	.....	-
LFM Sterling Fd.	£11.03	11.90	...	-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5	£-	20.8835	20.8845	...	-
Managed Capital Bd	5	£-	28.9325	28.9503	...	-
AIB Grofund Currency Fund Limited						
Stlg Mngd Currency	5	£-	10.8932		...	-
Sterling Currency Fd	5	£-	10.4764		...	-
Ecu Currency	5	Ecu-	10.6773		...	-
US Dollar Mngd Curr	5	$-	21.4641		...	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	£0.860	0.865	0.925	[illegible]	1.0
Global Income (Inc)	5¼	£0.507	0.507	0.542	[illegible]	2.4
Global [illegible]	5¼	[illegible]	0.410	0.429	[illegible]	0.6
Currency Funds						
Stlg Premium Income		£10.17		10.18	+0.01	8.0
Sterling		£-		23.35	...	7.7
US Dollar		$-		32.36	+0.01	1.6
Deutschemark		DM-		60.09	+0.01	7.6
Yen		Y-		4203		2.7
Managed Multicurrency		£-	15.08	15.62	+0.11	-
Managed Multicurrency		$-	25.95	26.86	...	-
Bond Funds						
Sterling Bond	3½	£-	0.432	0.448	[illegible]	9.6
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, Capital Hse, Bath St, St. Helier, Jersey						
Tel: 0534 74689 (Dealing) 0534 75639 (Helpline)						
Facsimile. 0534 79040 Telex 4192136						
Capital House International Growth Funds Ltd						
Equities						
UK Equity	5¼	£1.376	1.376	1.460	[illegible]	-

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydsmax World Inv Port.	£2.481	2.600		1.18
Dealing weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9.94	9.98	+0.03	9.41
Minerals, Oils Res. Shs. Fd. Inc.				
Mores Nov 5	$13.31	13.99	-0.29	2.90
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income (z)	52.8	55.0	..	8.12
UK Equity Fd (z)	210.5	224.0	...	2.86
*Intl Bond Fd	99.9	103.0	..	7.09
**Natural Resources Fd	110.2	117.0	(z)	0.49
*Sterling Mngd Asset Fd.	535.1	564.0	...	5.00
*Sub day every Thurs. **Sub. day monthly 5th and 20th				
NatWest TrustCor Currency Fund (z)				
Dollar Class	$38.0626		+0.0117	-
Sterling Class	£26.7511		+0.0048	-
D-Mark Class	DM82.0709		+0.0191	-
Dutch Guilder Class	Dfl82.4569		+0.0164	-
Japanese Yen Class	Y7941.5198		+3.6798	-
Ashburton Replica Portfolio Ltd				
[illegible]	£11.19	11.65	...	-
[illegible]	$10.27	10.68	...	-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Nov 5	$35.65	37.90	...	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd.	$3.6212	3.8403	...	-
Offshore Japanese Gwth Fd	$0.8996	0.9561	...	-
Offshore Am Gwth Fd	$6.0201	6.3976	...	-
Offshore Emerging Cos	$3.4443	3.6603	...	-
Offshore European Fd.	$1.4545	1.5457	...	-
Offshore Far East Fd	$2.2266	2.3661	...	-
Offshore UK Growth Fd.	$1.7034	1.8103	...	-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Oct 30		$4.60	...	-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£14.42	14.64		1.43
LFM Defensive Strtgy.	£11.47	12.04	+0.08	-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (z)	99.70	100.70	+0.40	[illegible]
International Bond (z)	$1.125	1.136	[illegible]	[illegible]
[illegible] Nov 11				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£36.2674		9.06
US $		$48.6399	--	2.03
D-Mark		DM82.5917	--	7.98
Swiss Franc		SFr77.0652	--	4.80
Yen		Y5143.69	--	2.86
Scimitar Worldwide Money Fund Ltd				
Sterling		£25.2797	+0.0053	8.46
US $		$37.0739	+0.0024	2.69

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

INDICES

NEW YORK

DOW JONES	Nov 5	Nov 4	Nov 3	Nov 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3243.84	3223.04	3252.48	3262.21	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.11	102.18	102.21	102.23	103.20 (18/9)	98.41 (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1380.31	1360.37	1387.35	1366.01	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.76	217.89	218.95	220.33	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3259.78 (3274.10) Low 3203.58 (3211.15) (Theoretical)
Day's High 3244.92 (3266.15) Low 3215.20 (3219.52) (Actual)

STANDARD AND POOR'S

	Nov 5	Nov 4	Nov 3	Nov 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	418.34	417.11	419.92	422.75	425.27 (14/9)	394.50 (8/4)	425.27 (14/9/92)	4.40 (1/6/32)
Industrials	490.84	488.81	492.68	495.82	503.30 (14/9)	470.91 (8/4)	503.30 (14/9/92)	3.62 (21/6/32)
Financial	37.21	36.91	37.05	37.13	37.21 (5/11)	32.40 (8/4)	37.21 (5/11/92)	8.64 (1/10/74)
NYSE Composite	230.37	229.79	231.24	232.48	233.73 (14/9)	217.92 (8/4)	233.73 (14/9/92)	4.46 (25/4/42)
Amex Mkt. Value	382.69	381.94	382.83	382.70	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	614.08	605.52	604.58	607.57	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Oct 30	Oct 23	Oct 16	year ago (approx.)
Dow Industrial Div. Yield	3.21	3.24	3.27	3.03

	Nov 4	Oct 28	Oct 21	year ago (approx.)
S & P Industrial div. yield	2.68	2.68	2.72	2.73
S & P Indl. P/E ratio	27.31	27.52	27.22	21.17

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Am T & T	5,335,300	44⅛	+ 1⅛
Philip Morris	5,263,000	78⅝	+ 3¼
Chubb Corp	5,114,800	86¾	+ 1⅝
RJR Nabisco	4,996,300	8⅜	+ ⅛
Coastal Corp	2,850,100	25	- ⅛
Merck	2,826,800	42⅛	- ⅛
Telefonos	2,354,900	[illegible]	+ 2⅛
Pacificorp	2,321,200	20⅝	- 1⅜
Gap Inc	2,254,300	30⅝	- 2⅛
IBM	2,131,200	66	- 1

TRADING ACTIVITY

† Volume Millions	Nov 6	Nov 4	Nov 3
New York SE	219.580	193.980	207.800
Amex	14.312	17.627	14.206
NASDAQ	230.446	189.526	187.374
NYSE			
Issues Traded	2,366	2,335	2,349
Rises	971	716	833
Falls	810	1,004	938
Unchanged	585	615	578
New Highs	70	54	62
New Lows	38	38	26

CANADA

TORONTO	Nov 5	Nov 4	Nov 3	Nov 2	1992 HIGH	1992 LOW
Metals & Minerals	2727.68	2742.64	2780.62	2794.69	3238.87 (16/1)	2603.82 (15/10)
Composite	3339.76	3344.80	3361.64	3379.04	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1770.30	1769.06	1779.19	1794.78	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's)

International

	Nov 6	Nov 5	Nov 4	Nov 3	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1425.3	1432.3	1431.9	1412.8	1684.50 (22/5)	1418.20 (2/11)
All Mining (1/1/80)	599.6	600.6	600.3	601.1	726.80 (3/7)	593.30 (19/10)
AUSTRIA						
Credit Aktien (30/12/84)	324.19	327.81	329.02	331.31	458.57 (24/2)	271.41 (13/10)
Traded Index (2/1/91)	780.17	789.41	796.88	802.73	1099.43 (24/2)	682.96 (13/10)
BELGIUM						
BEL20 (1/1/91)	1134.47	1146.15	1156.92	1156.20	1255.40 (2/6)	1096.87 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	255.18	254.27	254.66	254.80	365.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	799.7	827.6	830.6	798.6	995.90 (24/2)	540.80 (7/9)
FRANCE						
CAC General (31/12/81)	476.64	474.12	473.13	468.30	585.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1793.62	1804.70	1804.87	1786.93	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	588.60	584.95	586.04	591.59	725.26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1663.9	1652.90	1656.10	1671.70	2043.20 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1487.16	1480.93	1472.69	1485.08	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	6315.08	6347.77	6325.37	6287.41	6347.77 (5/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1124.57	1119.70	1131.70	1145.62	1469.57 (17/1)	1094.88 (13/10)
ITALY						
Banca Com. Ital. (1972)	432.77	429.49	430.58	430.61	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	858.0	851.0	869.0	874.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	16864.81	17031.59	17065.20	(c)	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1275.96	1280.37	1293.05	(c)	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1657.70	1662.10	1657.67	(c)	2059.85 (6/1)	1502.77 (5/8)
MALAYSIA						
KLSE Composite (4/4/86)	654.60	660.35	659.33	653.07	668.35 (5/11)	546.65 (14/8)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	287.4	286.5	285.9	288.4	314.90 (7/6)	274.00 (8/1)
CBS All Shr (End 1983)	193.6	193.1	192.7	194.4	215.50 (26/5)	188.70 (25/8)
NORWAY						
Oslo SE Ind. (2/1/83)	606.59	604.91	606.35	608.16	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1358.68	1356.46	1362.57	1382.58	1598.95 (11/6)	1083.81 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	373.13	373.45	375.03	378.91	416.99 (21/1)	356.42 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	813.0	808.0	808.0	824.0	1327.00 (21/1)	782.00 (15/10)
JSE Industrial (28/9/78)	4014.0	4000.0	4005.0	4014.0	4599.0 (4/6)	3936.00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	644.94	631.31	619.08	605.52	691.40 (6/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	199.16	199.92	200.14	199.65	256.51 (6/2)	171.46 (5/10)
SWEDEN						
Affarsvariden Gen. (1/2/37)	724.2	722.50	727.00	729.00	1004.50 (11/5)	639.80 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	864.0	859.5	857.1	859.5	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	649.4	647.0	646.7	645.2	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3532.61	3593.41	3586.65	3559.66	5391.63 (30/1)	3351.63 (28/9)
THAILAND						
Bangk SET (30/4/75)	950.08	963.03	956.87	942.08	963.03 (5/11)	667.34 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	484.3*	486.6	488.2	488.7	542.10 (7/1)	467.50 (30/10)
Euro Top-100 (26/6/90)	833.47	834.20	832.17	834.58	976.55 (25/5)	772.52 (5/10)

**Saturday October 31: Taiwan Weighted Price: (c), Korea Comp Ex. 615.58
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

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WORLD STOCK MARKETS

AMERICA

Dow trades in narrow range at midsession

Wall Street

A REASONABLY positive set of October employment figures failed to lift US stock markets yesterday, and by early afternoon share prices were trapped in a narrow trading range, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 2.43 at 3,241.41, having spent the morning session only a few points either side of Thursday's close. The more broadly based Standard & Poor's 500 was down 0.62 at 417.72, while the Amex composite was 0.10 lower at 382.59 and the Nasdaq composite rose 1.23 to 615.31. NYSE turnover was 125m shares by 1 pm, and declines outpaced rises by 849 to 757.

The keenly-awaited October employment report was a damp squib. Although the 27,000 rise in non-farm payrolls (49,000 if the effect of the special summer jobs programme were excluded) and the one percentage-point decline in the national unemployment rate to 7.4 per cent suggested labour market conditions were moving in the right direction, the figures were not bullish enough to produce much of a reaction from equity investors. Neither were they bad enough to prompt another cut in interest rates from the Federal Reserve.

Enthusiasm was also dampened by the reaction of the bond market to the jobs data. The benchmark 30-year bond dropped half a point, pushing the yield above 7.7 per cent, after the figures were released. Stock market investors have been worried that the steady rise in long-term Treasury market rates since the end of summer will slow the already sluggish economic recovery.

Among individual stocks, McDonnell Douglas fell $1⅝ to $55½ after Moody's Investors Service, the big ratings agency, said it was putting the company's debt under review for a possible downgrade.

Eljer Industries rose $⅝ to $10¾ after the company said that an appeals court had upheld its decision favouring Eljer in a suit filed by two insurance companies.

Woolworth edged $⅛ higher to $33⅝ after the retailing group revealed that it might sell some of its 500 stores in Germany.

Foodmaker dropped $⅝ to $11⅞ after the securities house, Lehman Brothers, cut its rating on the stock because it believed the share price may have peaked for the immediate term.

On the Nasdaq market, Food Lion plunged more than $3 to $6 in early trading after an unfavourable television programme. The shares later recovered some of their lost ground to stand $⅞ lower at $8⅝ in turnover of 6.6m shares.

Canada

TORONTO stocks were sharply lower at midday, depressed by a slide in gold shares following a drop in bullion prices and renewed fears that Canada's Bronfman family empire was once again in trouble.

The TSE-300 slumped 36.56 or 1.1 per cent to 3,303.2 in volume of 21.7m shares.

Within the Bronfman group, market rumours that a major Canadian bank planned to withdraw a line of credit from Brascan sent the company's A shares tumbling C$2 to C$15¼, although the company was reported to have denied the story.

SOUTH AFRICA

JOHANNESBURG ended mixed to firmer, as the overall index rose 8 to 3,033, up 0.5 per cent on the week. Industrials rose 6 to 4,013 and golds firmed 5 to 813. The market's strong feature was Minorco, which rose R1.25 to R60.25.

Emerging markets face up to new challenges

Investment media are evolving after five years of sometimes spectacular growth, writes Farida Khambata

For the last several years, emerging markets as a group have outperformed the developed markets of the OECD, often by spectacular margins.

Over the past five years, the International Finance Corporation (IFC) emerging market indices show that returns of markets in Latin America and Asia, measured in US dollars, have risen by 245 per cent and 41 per cent respectively, compared with 34 per cent in the United States and minus 20 per cent in Japan.

The value traded on these developing exchanges in 1991 was nearly 39 times the level of 1980. The total capitalisation of the 20 largest emerging markets increased sevenfold and the number of listed companies doubled. Capitalisation of these markets has risen from 6 per cent of their GDP in 1980 to over 25 per cent of their GDP at the end of the decade.

This growth can be traced to several inter-related factors. The macroeconomic environment in many developing countries has improved dramatically as governments have turned towards market-oriented policies, often prompting increased foreign investment and repatriation of flight capital. Furthermore, as corporate performance improved, both local and foreign investors recognised that stock prices were undervalued on an international basis.

Institutional investors and portfolio managers have begun considering emerging markets as an entirely new asset category. They have channelled more than $50bn of portfolio investment into these markets in the past four years. It is now considered prudent to include them in global investment allocation strategies – a truly significant financial development.

Their performance in the past 10 years should be seen in the context of a global trend – away from government control of economies and toward market-oriented policies which encourage the private sector as the driving force of economic growth. Last year alone, more than 450 companies in these markets raised more than $28bn from share offerings.

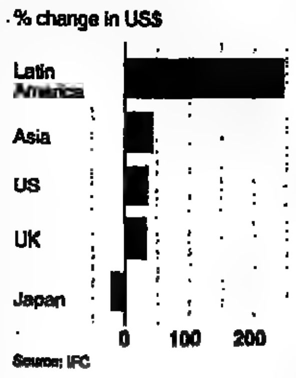
The IFC, a member of the World Bank Group, has been working to develop these markets since 1971. IFC's mandate is to promote economic growth in its developing member countries. Unlike the World Bank, IFC focuses exclusively on the private sector in these countries; it does not accept government guarantees to protect its investments, and its financing is offered at market rates.

In the capital markets arena, IFC's objectives include the enhancement of financial institutions in developing countries, to give domestic savings more mobility and to allocate them efficiently to productive investments.

IFC has invested in a wide range of companies, including commercial banks, housing banks, leasing, factoring and brokerage companies, as well as "contractual savings institutions" such as pension funds and insurance companies. Often, the financial institutions financed by IFC are the first of their kind in the host country.

5-year performance

% change in US$



Source: IFC

After recent sweeping political and economic changes, the emerging markets face new different challenges. Exchanges and their regulators are rapidly gaining in sophistication. From Mexico to India to Egypt, markets are implementing more effective regulatory environments, better accounting and disclosure systems, advanced trading operations, and streamlined central clearing and settlement procedures.

Emerging markets will still have crashes and scandals from time to time – as do their counterparts in developed countries. The key for developing countries is to learn from mistakes and to continually make improvements in trading and regulatory systems.

In the 1980s, collective investment vehicles such as country funds served as a major private source of external finance, and IFC promoted more than two dozen such funds. In contrast, the 1990s will see increasing numbers of individual emerging market companies directly tapping the international markets for capital, issuing both debt and equity to foreign investors.

Privatisation programmes are being adopted by many countries and are at different stages of implementation. Once under way, they usually add quickly to the size and liquidity of local markets. This could prove especially important in Eastern and Central Europe, where the newly-privatised companies are expected to become the core listings of emerging stock markets.

What investors look for in emerging market companies is no secret; the same rules apply in all stock markets. Among the most important criteria for company selection are strong, competent and professional management; a history of earnings growth or the clear potential for it; well defined strategic and investment plans; liquidity in the stock market; and transparent financial disclosure on a timely basis.

Ms Farida Khambata is Director of the Central Capital Markets Department at the International Finance Corporation in Washington, D.C., USA

EUROPE

Higher dollar takes the credit for continental gains

THE HIGHER dollar got the credit for gains in a number of bourses yesterday, *writes Our Markets Staff.*

FRANKFURT edged up again, apparently encouraged by a further gain in the dollar, but the share price effects sometimes defied logic as the DAX index rose 6.23 to 1,487.16, a fraction lower on the week.

A higher dollar should benefit Germany's exporters, and Schering, in pharmaceuticals, rose DM12.20 to DM736.50. But the big three chemical companies were relatively flat and carmakers no more buoyant than the average.

Conversely, a rise in the dollar should be bad news for steelmakers which pay for their iron ore and transport in dollar terms, said Mr Michael Geiger of County NatWest; but Mannesmann, after takeover rumours, Preussag (following Thursday's earnings upgrade) and Thyssen all rose yesterday, by DM5.70 to DM210.50, DM8 to DM330 and DM5.80 to DM 158 respectively.

Turnover fell from DM4.2bn to DM3.7bn. There was a suggestion that short-covering, once again, was involved in the day's rises and that poor economic data and depressed underlying sentiment was more clearly reflected in retailing shares which mostly showed falls of some 1 to 3 per cent.

MILAN ended mixed as a leaked government document on privatisation, which included a comprehensive list of companies scheduled to be sold off, triggered heavy speculative trading in selected stocks. The Comit index rose 3.26 to 432.77, down 1.4 per cent on the week, in turnover estimated at more than Thursday's L177bn.

Of those companies mentioned in the document, the bank BCI rose L181 or 5.3 per cent to L3,625 while Autostrade preferred stock jumped L46 or 6.1 per cent to L794. Sme, the state-controlled food company which has been touted as a privatisation candidate but which did not appear in the leaked document, rose L51 or 1.1 per cent to L4,871.

Speculative trading spilled over into the retailer Rinascente, settlement in which was delayed because of an order imbalance early in the session following rumours that its parent Fiat had agreed to sell it. Fiat denied the rumors, but Rinascente's share price rallied 11 per cent or L595 to L5,995.

PARIS was brought off the day's high by a series of basket trades around midday. After an early high of 1,812.83, the CAC-40 index ended 11.08 down at 1,793.62, for a rise of 2.9 per cent on the week. Volume was moderate at FFr2.5bn.

Total dropped FFr5.50 to FFr239.50 as the oil company's disclosure that restructuring and asset writedowns would reduce 1992 earnings by about FFr600m took the market by surprise.

BSN dropped FFr22 to FFr1,002 on a downgrade by a leading broker, while LVMH fell FFr160 or 4.3 per cent to FFr3,579 on fears that a trade war between Europe and the US would harm its exports to the US.

BRUSSELS saw a further heavy fall in Delhaize which plunged BFr99 or 6.2 per cent to BFr1,486 in heavy trading, reflecting a drop in the shares of its US Food Lion unit in New York after the showing on US television of an unauthorised film shot at the US chain. The Bel-20 index fell 11.68 to 1,134.47, but was little changed on the week.

AMSTERDAM was helped by a firmer dollar as the CBS Tendency index rose 0.8 to 103.4, up 1.8 per cent on the week.

Unilever fell Fl 2.00 to Fl 190.10, following its London price lower after its third quarter results which, said dealers, were disappointing in sterling terms.

ZURICH extended its show of relative strength as the SMI index rose 6.2 to 1,957.7, 2.4 per cent higher on the week. Strong demand for Nestlé and Roche boosted the index, while other export-oriented companies also benefited from the dollar.

MADRID heard more peseta devaluation talk, but the strength of the dollar lent support to ADR stocks and the general index closed only 0.76 lower at 199.16, slightly up on the week.

STOCKHOLM was also supported by the dollar as the Affärsvärlden General index rose 1.7 to 724.2, up 2.4 per cent on the week.

HELSINKI dropped 3.4 per cent, but still showed a gain of 6.5 per cent on the week as the Hex index closed 27.9 lower at 799.7. Banks fell sharply, partly on an article in a business daily on the possible risk involved in holding the shares. The banks and finance house index closed 112.5 or 25 per cent lower at 335.6.

FT-SE Actuaries Share Indices

November 6 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1038.85	1037.76	1037.81	1038.68	1039.43	1038.97	1038.29	1038.28
FT-SE Eurotrack 200	1110.74	1110.34	1108.50	1106.74	1109.76	1111.68	1112.07	1111.70

	Nov 5	Nov 4	Nov 3	Nov 2	Oct 30
FT-SE Eurotrack 100	1038.93	1037.08	1038.76	1032.82	1028.47
FT-SE Eurotrack 200	1109.13	1105.82	1105.49	1095.08	1090.07

Base value 1000 (26/10/90) Highday: 100 - 1041.31; 200 - 1113.28 Lowday: 100 - 1036.80 200 - 1106.74

ASIA PACIFIC

New scandal hits Japanese equities

Tokyo

ALLEGATIONS that senior officials of the ruling Liberal Democratic Party (LDP) tried to pay off an extreme right-wing political group to stop a public campaign against the party depressed activity yesterday, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed down 161.78 at 16,869.81, up 0.6 per cent on the week. The index moved between a high of 17,022.57 at the start and a low of 16,818.46 just before the close on position adjustments ahead of the weekend.

Volume remained low at 190m shares against 186m. Declines led advances by 706 to 206 with 163 unchanged. The Topix index of all first section stocks fell 12.41 to 1,275.96 and, in London, the ISE/Nikkei 50 index fell 1.20 to 1,021.71.

Investors remained inactive as 44 companies listed on the first section announced interim earnings results. They were worried by prosecution statements alleging that senior LDP officials tried to use gang links, money and personal contacts to stop a negative campaign by a far-right party in 1987 against Mr Noboru Takeshita, the then prime minister.

Dealers took profits on speculative theme stocks. The nuclear fusion-related Shoko, the most active issue of the day, fell Y20 to Y550, and Denki Kogyo lost Y10 to Y951. Aids-related stocks were weaker after TSD, a software company listed on the over-the-counter market, admitted that it had misinformed investors that clinical tests of an Aids vaccine had begun in Thailand, and that its Thai joint venture had started production of the vaccine.

TSD was suspended from trading yesterday, following reports alleging that it had given false information to prop up its share price ahead of the expiry of its convertible bond exercise. The share, which had fallen to a year's low of Y730 in April, surged to Y3,650 in September on the news. Mr Tsutomu Matsuzaki, president of TSD, apologised for giving false information, but denied allegations of stock price manipulation.

NEC fell Y17 to the year's low of Y656 on selling by foreigners on lingering fears that its sales will be hit by cheaper US personal computers.

In Osaka, the OSE average fell 205.66 to 18,297.93 in volume of 10m shares.

Roundup

THE region's sprinters slowed down yesterday as profit-taking emerged ahead of the weekend.

HONG KONG's Hang Seng index touched a record intraday high of 6,401.73 before closing 32.76 lower at 6,315.01, up 0.9 per cent on the week. Turnover eased to HK$3.69bn from HK$4.43bn.

Dealers attributed the early upturn to interest in Hong Kong Telecom, which jumped 25 cents to HK$9.60 after announcing a 16 per cent rise in earnings late on Thursday.

SEOUL's gains were pared back by late selling but the composite index still rose 13.63 to 644.94, up 5.7 per cent on the week, on record 1992 turnover of Won819.22bn, up from Won771.83bn. The market was supported by growing interest from foreign investors and increasing customers' deposits, which rose to Won2.2 trillion on Thursday from Won1.4 trillion in mid-October.

KUALA LUMPUR paused for profit-taking and a minor technical correction, the KLSE composite index closing 5.75 down at 654.60, 2.1 per cent higher on the week.

AUSTRALIA reflected Westpac's revelations of previously undisclosed tax liabilities as the All Ordinaries index finished 8.9 lower at 1,423.4, fractionally down on the week.

Westpac finished at a nine-year low of A$2.51, down 24 cents on the day. News Corp fell 90 cents to A$27.10, on profit-taking after its 82 per cent rise in first-quarter net profits.

TAIWAN dropped 1.7 per cent after the 2.5 per cent gain on Thursday, the weighted index closing 60.80 lower at 3,532.61 for a 2.7 per cent fall on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 5 1992								WEDNESDAY NOVEMBER 4 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	116.38	+1.0	112.19	90.23	95.51	111.08	+0.1	4.39	115.22	110.00	89.44	93.90	110.97	153.68	113.59	159.11
Austria (19)	142.87	−2.2	137.72	110.77	117.25	117.52	−0.7	2.40	146.12	139.50	113.43	119.08	118.39	186.70	139.27	165.11
Belgium (42)	136.15	−1.6	131.25	105.55	111.73	109.12	−0.7	5.64	138.37	132.10	107.40	112.76	109.88	152.27	135.87	133.63
Canada (114)	118.50	−0.2	114.23	91.86	97.24	107.08	−0.1	3.25	118.72	113.34	92.15	96.74	107.16	142.12	112.97	142.84
Denmark (33)	185.06	−1.1	178.40	143.48	151.87	152.53	−0.4	1.79	187.21	178.72	145.32	152.56	153.09	273.94	184.80	261.65
Finland (15)	71.50	−0.2	68.92	56.43	58.67	74.65	+0.6	1.89	71.64	68.40	55.62	58.39	74.20	89.90	52.84	88.11
France (100)	148.52	−0.6	143.17	115.14	121.87	124.41	+0.1	3.63	149.40	142.63	115.97	121.74	124.33	168.75	144.70	144.87
Germany (64)	103.07	−0.4	99.35	79.92	84.58	84.58	+0.3	2.72	103.44	98.75	80.31	84.30	84.30	129.69	103.07	110.49
Hong Kong (53)	258.87	−0.1	249.55	200.70	212.45	256.94	−0.1	3.49	259.01	247.27	201.05	211.09	257.08	261.48	176.36	172.97
Ireland (16)	127.41	−1.3	122.82	98.78	104.56	107.21	−0.8	5.08	129.14	123.29	100.25	105.24	108.12	173.71	127.41	160.88
Italy (77)	56.21	−2.8	54.18	43.58	46.13	56.64	−1.9	3.67	57.84	55.22	44.90	47.14	57.73	80.86	47.47	70.19
Japan (472)	105.12	−0.4	101.34	81.50	86.28	81.50	−0.5	1.04	105.55	100.77	81.93	86.03	81.93	140.95	87.27	140.55
Malaysia (69)	281.70	+0.4	271.55	218.39	231.17	273.02	+0.6	2.41	280.58	267.86	217.79	228.65	271.50	281.70	212.49	203.69
Mexico (18)	1439.94	−0.6	1388.06	1116.37	1181.70	4921.43	−0.6	1.22	1448.55	1382.87	1124.42	1180.48	4949.27	1789.77	1185.84	1350.00
Netherland (25)	150.93	−0.4	145.49	117.01	123.86	122.31	+0.3	4.63	151.52	144.65	117.62	123.48	121.99	169.70	147.88	145.23
New Zealand (14)	38.24	+0.8	36.86	29.65	31.38	38.63	+0.6	5.86	37.95	36.23	29.46	30.93	38.41	48.52	37.39	49.70
Norway (22)	133.13	−0.8	128.33	103.22	109.26	116.01	−0.3	2.09	134.15	128.07	104.14	109.33	116.40	192.95	133.13	191.12
Singapore (38)	197.32	−1.1	190.21	152.98	161.93	148.17	−0.8	2.22	199.56	190.51	154.90	162.62	149.07	229.63	179.65	207.32
South Africa (60)	139.37	−1.3	134.34	108.05	114.37	145.58	+0.3	3.51	141.24	134.83	109.63	115.10	146.10	263.60	139.37	264.65
Spain (48)	108.44	−1.0	104.53	84.07	88.99	92.87	+0.0	6.44	109.54	104.57	85.03	89.26	92.90	161.72	108.44	151.29
Sweden (31)	156.10	−1.5	150.47	121.02	128.11	137.21	−0.8	2.86	158.41	151.23	122.97	129.10	138.36	200.28	149.69	184.71
Switzerland (60)	108.97	−0.8	105.05	84.49	89.44	95.63	+0.3	2.24	109.84	104.86	85.27	89.53	95.37	122.37	95.99	97.14
United Kingdom (228)	165.47	−0.3	159.51	128.27	135.78	159.51	+0.7	4.60	165.94	158.42	128.80	135.22	158.42	200.07	163.34	181.41
USA (522)	170.98	+0.3	164.82	132.56	140.32	170.98	+0.3	2.97	170.40	162.67	132.27	138.87	170.40	173.39	160.92	159.97
Europe (780)	132.87	−0.6	128.09	103.02	109.05	118.39	+0.2	3.97	133.71	127.65	103.80	108.97	118.11	156.88	132.21	142.59
Nordic (101)	142.52	−1.3	137.38	110.49	116.96	118.19	−0.6	2.47	144.38	137.84	112.08	117.68	118.94	188.52	141.24	185.42
Pacific Basin (714)	110.37	−0.3	106.39	85.57	90.58	87.42	−0.4	1.38	110.71	105.69	85.94	90.23	87.81	141.97	93.70	141.53
Euro−Pacific (1494)	119.47	−0.5	115.17	92.62	98.04	99.91	−0.1	2.55	120.02	114.58	93.16	97.80	100.05	145.21	113.80	142.30
North America (636)	167.71	+0.3	161.67	130.04	137.66	166.69	+0.3	2.98	167.18	159.60	129.78	136.26	166.09	170.49	158.70	158.83
Europe Ex. UK (552)	113.19	−0.9	109.11	87.77	92.91	96.10	−0.1	3.52	114.19	109.01	88.65	93.08	96.19	132.98	113.19	119.58
Pacific Ex. Japan (242)	161.88	+0.3	156.05	125.52	132.86	148.20	+0.1	3.59	161.41	154.10	125.32	131.56	148.10	175.31	149.00	151.21
World Ex. US (1686)	120.43	−0.5	116.10	93.38	98.84	101.84	−0.1	2.57	120.99	115.51	93.92	98.60	101.98	146.91	116.18	144.37
World Ex. UK (1980)	133.80	−0.1	128.97	103.74	109.81	119.50	+0.0	2.52	133.94	127.87	103.97	109.16	119.51	150.58	127.21	145.41
World Ex. So. Af. (2148)	136.65	−0.1	131.72	105.95	112.15	122.79	+0.1	2.73	136.80	130.60	106.20	111.50	122.71	153.05	130.04	147.78
World Ex. Japan (1736)	154.44	+0.0	148.88	119.75	126.76	147.18	+0.3	3.34	154.48	147.48	119.93	125.91	146.78	165.40	151.93	154.21
The World Index (2208)	136.55	−0.1	131.63	105.87	112.07	123.04	+0.1	2.74	136.72	130.52	106.13	111.43	122.95	153.70	130.66	148.55

Amendments to indices for November 5 applied to Hong Kong, related regional indices and The World Index.
Constituent change with effect 9/11/92: Deletion: Bank of New Zealand (New Zealand).

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		100⅞	—	[illegible]	[illegible]	8.22	6.62
10pc 1993‡‡		101½	—	[illegible]	[illegible]	[illegible]	6.66
12½pc 1993‡‡		104⅛	—	[illegible]	[illegible]	12.00	6.15
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.99
Treas 13¾pc 1993‡‡		[illegible]	—	[illegible]	[illegible]	12.78	6.19
8½pc 1994		102½	—	102½	[illegible]	[illegible]	6.27
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.36	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 3pc Gas 90-95		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	—	[illegible]	[illegible]	[illegible]	8.07
Treas 12¾pc 1995‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	11.72	7.09
9pc 1992-96‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.22	7.08
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	108	11.16	7.09
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.94
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.22
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.06
Treas 8¾pc 1997‡‡		107	[illegible]	107	94	8.18	6.96
8¾pc '97 ‡‡		[illegible]	[illegible]	[illegible]	25	8.19	6.94
Five to Fifteen Years							
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	117½	11.47	7.42
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.16
Treas 7¼pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.90
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.99
15½pc '98‡‡		138½	[illegible]	138½	[illegible]	[illegible]	7.60
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.61
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.36
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.70

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.11	7.47
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.52
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.52
Treas 13pc 2000		[illegible]	[illegible]	[illegible]	[illegible]	10.18	8.07
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14pc '98-01		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.84
9¾pc 2002		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.10
10pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11¾pc 2001-04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funding 3½pc '99-04		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.53
Conversion 9½pc 2004		[illegible]	[illegible]	[illegible]	[illegible]	8.74	8.33
9½pc 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.37
Treas 12½pc 2003-05		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.61
8pc 2002-06‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.41
Treas 11¾pc 2003-07		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.53
Treas 8½pc 2007 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.51
13½pc '04-08		[illegible]	[illegible]	[illegible]	[illegible]	10.02	8.65
Over Fifteen Years							
9pc 2008 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.67	8.56
8pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.60
Conv 9pc Ln 2011 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.75	8.69
Treas. 9pc 2012		[illegible]	[illegible]	[illegible]	[illegible]	8.76	8.69
9pc 2012 A		[illegible]	[illegible]	[illegible]	[illegible]	8.76	8.70
Treas 5½pc 2008-12‡‡		[illegible]	[illegible]	[illegible]	[illegible]	7.66	8.46
7¾pc 2012-15‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.47	8.51
Exch 12pc '13-'17		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.96
Treas 8¾pc 2017		[illegible]	[illegible]	[illegible]	[illegible]	8.84	8.77
8¾pc 2017 A ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.77	8.76
Undated							
Consols 4pc		46	[illegible]	46	[illegible]	8.80	—
War Loan 3½pc‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.01	—
Conv 3½pc '61 Aft		[illegible]	[illegible]	[illegible]	39	[illegible]	—
Treas 3pc '66 Aft		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Consols 2½pc		[illegible]	[illegible]	[illegible]	[illegible]	8.46	—
Treas. 2½pc		[illegible]	[illegible]	29	[illegible]	8.77	—

BRITISH FUNDS - Cont.

Index – Linked	Notes	Price £	+ or -	1992 high	1992 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.00
2pc '96	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	1.72	2.38
4⅝pc '98	(135.3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.76
2½pc '01	(78.3)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.03
2½pc '03	(78.8)	[illegible]	[illegible]	[illegible]	138	3.31	3.33
4⅜pc '04	(135.6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.43
2pc '06	(69.5)	[illegible]	[illegible]	[illegible]	137	[illegible]	3.48
2½pc '09	(78.8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.56
2½pc '11	(74.6)	[illegible]	[illegible]	[illegible]	[illegible]	3.47	3.66
2½pc '13	(89.2)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.69
2½pc '16	(81.6)	[illegible]	—	[illegible]	[illegible]	3.54	3.70
2½pc '20	(83.0)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.75
2½pc '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.77
4⅛pc '30‡‡	(135.1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.77

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1992: 136.7 and for September 1992 139.4

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.09
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.93
B'ham 11½pc 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.60
Ireland Cap 8½pc '10		[illegible]	—	[illegible]	[illegible]	[illegible]	—
9pc Cap 1996		104	[illegible]	[illegible]	90	[illegible]	—
13pc '97-02		117	[illegible]	[illegible]	[illegible]	11.11	—
Hydro Quebec 15pc 2011		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.10
Leeds 13½pc 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.72
Liverpool 3½pc Irred		[illegible]	[illegible]	[illegible]	30	[illegible]	—
LCC 3pc '20 Aft		32	[illegible]	32	27	[illegible]	—
Manchester 11½pc 2007		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.69
Met. Wtr 3pc 'B'		[illegible]	[illegible]	[illegible]	63	4.74	8.31
N'wide Anglia 3⅞pc 2021		[illegible]	—	[illegible]	[illegible]	—	4.83
4⅜pc IL 2024		118	—	[illegible]	[illegible]	—	4.71
Utd Mex States 16½pc 2008		[illegible]	[illegible]	[illegible]	[illegible]	12.64	12.12

AMERICANS

	Notes	Price £	+or-	1992 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	[illegible]	[illegible]	[illegible]	[illegible]	15,430	2.1
Allegheny & W		454p	+15	454p	226p	230.9	4.2
Amdahl		650p	-7	1189p	455p	621.9	1.1
Amer Cyanamid		[illegible]	[illegible]	[illegible]	[illegible]	3,385	2.8
Amer Express		[illegible]	[illegible]	[illegible]	[illegible]	6,496	4.7
Amer T & T		[illegible]	+1½	[illegible]	[illegible]	38,483	2.9
Ameritech		[illegible]	[illegible]	[illegible]	22½	18,583	5.2
BankAmerica		[illegible]	+½	[illegible]	[illegible]	9,453	3.0
Bankers NY		[illegible]	+1	[illegible]	[illegible]	3,401	4.2
Bell Atlantic		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.5
BellSouth		[illegible]	[illegible]	[illegible]	25	15,827	5.4
Bethlehem Steel		[illegible]	[illegible]	[illegible]	[illegible]	791.6	
Bowater		1368p xd	-5	1579p	905p	490.9	
CPC	h	[illegible]	[illegible]	[illegible]	[illegible]	4,827	2.4
Cadiz Land Inc		129p	+21	342p	108p	–	–
California Engy		924p	+2	924p	591p	190.2	
Chase Manhattan		[illegible]	[illegible]	[illegible]	[illegible]	2,333	4.8
Chrysler		[illegible]	[illegible]	[illegible]	[illegible]	5,898	2.2
Citicorp		[illegible]	[illegible]	[illegible]	[illegible]	3,978	–
Colgate-Palm		[illegible]	[illegible]	[illegible]	[illegible]	6,076	2.1
Cont'l Bank		1179p	+11	1179p	499p	1,181	3.2
Dana		28xd	[illegible]	[illegible]	[illegible]	1,289	3.8
Data General		867p	+84	1004p	384p	184.1	–
Decora Inds		149p	+44	149p	68p	–	–
Dun & Brad		[illegible]	[illegible]	[illegible]	[illegible]	6,719	3.8
Eaton		[illegible]	[illegible]	[illegible]	32½	1,644	2.9
Echlin		[illegible]	[illegible]	[illegible]	[illegible]	744.8	3.4
FPL		[illegible]	[illegible]	[illegible]	[illegible]	4,198	6.6
Fluor		[illegible]	[illegible]	[illegible]	[illegible]	2,482	0.9
Ford Motor		[illegible]	[illegible]	[illegible]	15	12,318	2.5
Gen Elect		[illegible]	[illegible]	[illegible]	[illegible]	40,618	2.9
General Host		567p	-6	[illegible]	380p	–	4.0
Gillette		[illegible]	[illegible]	[illegible]	[illegible]	8,254	1.2
Hasbro		[illegible]	-½	22	[illegible]	1,834	0.8
Honeywell		[illegible]	[illegible]	[illegible]	32	2,934	2.5
Houston Inds		[illegible]	[illegible]	[illegible]	22	3,884	6.4
IBM		[illegible]	-1	[illegible]	[illegible]	24,398	[illegible]
Ingersoll-Rand		[illegible]		[illegible]	[illegible]	2,087	2.2
Lockheed		[illegible]	[illegible]	[illegible]	[illegible]	1,859	4.4
Lowe's	h	1318p	+12	1318p	815½p	981.6	1.3
Merrill Lynch		[illegible]	[illegible]	[illegible]	[illegible]	3,814	2.1
Morgan (JP)		[illegible]	[illegible]	[illegible]	[illegible]	7,898	3.3
Morris (Philip)		51xd	[illegible]	51	[illegible]	45,912	2.1
NYNEX		[illegible]	[illegible]	[illegible]	[illegible]	10,832	5.5
Pall		20	+1	20	[illegible]	1,734	1.1
Pennzoil		[illegible]	[illegible]	[illegible]	[illegible]	1,448	5.3
Quaker Oats		[illegible]	[illegible]	44	28	3,225	2.8
Rockwell		[illegible]	[illegible]	[illegible]	11½	3,704	3.5
Rep NY		[illegible]	[illegible]	[illegible]	[illegible]	1,521	2.2
Sears, Roebuck		[illegible]	[illegible]	28	[illegible]	8,463	[illegible]
Sthwestern Bell		[illegible]	[illegible]	[illegible]	[illegible]	12,780	4.3
Sun Co		[illegible]	[illegible]	[illegible]	[illegible]	1,711	7.2
Tenneco		[illegible]	[illegible]	[illegible]	[illegible]	2,894	4.4
Texaco		[illegible]	[illegible]	[illegible]	[illegible]	9,969	5.2
Time Warner	h	[illegible]	[illegible]	[illegible]	11½	6,095	1.1
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING – AEROSPACE

[illegible]

ENGINEERING – GENERAL

[illegible]

ENGINEERING – GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا اصل الأصل

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Prm(-)
Scottish Inv.		1[illegible]	-½	1[illegible]	147	3.3	211.1	14.8
Warrants		30½	—	38	21	—	—	—
Scot Mortgage		170xd	-½	171	135	3.1	199.0	14.6
Scot National Inc		79	+1	107	65¼	15.5	—	—
Cap		18	—	42	12½	—	22.3	15.0
Stepped Pf		154¼	—	164¼	128	8.3	—	—
Zero Div Pf		187	—	187½	166½	—	—	—
Warrants		5	—	8	3	—	—	—
Scot Value		64	+1½	64	48	3.8	63.3	-1.1
Sec Alliance		1300	—	1315	1086	3.7	1482.3	11.7
Second Market		255	—	255	222	[illegible]	300.5	15.[illegible]
Sec Tst Scot		70xd	—	78½	61	6.2	76.4	8.7
Select Assets		101	—	102½	78½	1.2	151.4	33.3
Eq Ind Sert		121	—	123	106	4.7	—	—
Eq Ind Serit		121	—	123	106	4.7	—	—
SHIRESCOT		98	—	99	98	—	99.5	1.5
Shires		209	+1	249	188	11.7	215.8	3.3
11pc Cv Ln '03/04		£108½	—	£119½	£96½	10.3	—	—
Sam Select		98	+3	98	68	0.3	137.6	28.1
Warrants		16	+2	21	10	—	—	—
Smaller Cos		66	—	85	65	5.1	77.8	15.8
Warrants		13	—	20	10	—	—	—
Somerset Tst		114	—	148	55	—	87.9	-29.6
Sphere Inc		13xd	—	29	9½	31.8	22.6	44.7
Zero Div Pf		76	—	77¼	63¼	—	—	—
Sumit		35	—	55	30	4.8	93.3	62.5
TR City of Lon		117	-½	127½	97½	5.4	117.3	0.3
TR Euro Growth		77	—	88	70	2.3	100.7	23.5

MEDIA - Cont.

	Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Utd News		464	+8	464	323	928.7	6.0	15.9
VTR		45	—	65	43	3.14	10.5	11.0
WPP		41	-1	115	31	95.1	—	—
Warrants		5	—	8½	1½	0.26	—	—
Walmoughs		480	—	480	391	161.1	3.0	20.0
Yorkshire Tyne-T		126	-1	191½	126	62.9	12.7	4.6
Warrants		10	—	18	9	0.89	—	—

MERCHANT BANKS

	Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)		31	—	34	28	57.8	—	—
Baring 8pc Cm 2nd Pf		98½xd	—	101	83½	12.1	11.1	—
9¾pc Non-Cum Pf		117½xd	+½	125	103¼	47.8	11.1	—
Close Bros		221	—	287	205	84.9	5.7	9.8
Hambros		248	—	292	202	428.5	7.4	9.1
7½pc Cv Pf		118	—	119	91½	166.0	9.1	—
Joseph (L)		309	—	333	308	18.2	6.9	—
Kleinwort Benson		299	—	324	212	398.6	7.1	26.2
Rea Bros		35	+1	37	25	14.1	1.9	—
Schroders		1305	+5	1365	1043	855.1	1.8	15.2
N/V		1103	—	1158	803	144.8	2.2	12.8
Singer & Fried		48	—	58	34	78.5	8.3	8.8
Warburg (SG)		558	—	665	403	1,125	4.5	10.8
6pc Cv Pf		184	—	284	137	78.3	4.3	—
Wintrust		183	—	203	100	18.4	6.4	7.4

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

MOTORS

OIL & GAS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

PACKAGING, PAPER & PRINTING

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

STORES

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

e Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
H Yield based on prospectus or other offical estimates for 1993.
K Yield based on prospectus or other offical estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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FINANCIAL TIMES
Weekend November 7/November 8 1992

Company collapses reach their highest level since recession began

Businesses fail at rate of 76 a day

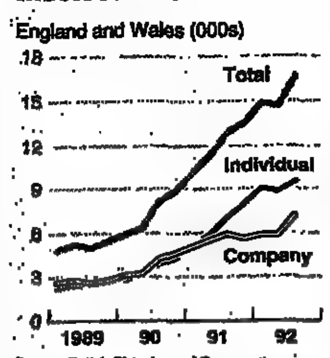
By Richard Evans

BUSINESS FAILURES in England and Wales have reached their highest level since the recession started more than two years ago, with companies collapsing at the rate of 76 a day.

Figures for the third quarter of 1992, published yesterday by the British Chambers of Commerce, show that 7,014 companies were declared insolvent, an increase of 21 per cent on the previous quarter and a 20 per cent rise on the same period last year. Individual insolvencies rose to 9,470, an increase of 37 per cent on the same period a year ago.

The failures represent one in 38 companies actively trading over the past year. Such bleak statistics, based on insolvency figures prepared by the Department of Trade and Industry, are a further blow to a government desperately seeking signs of economic recovery. They will fuel speculation that Mr Norman Lamont, the Chancellor, who has advocated a policy of stimulating growth, might announce incentives for business in his Autumn Statement next Thursday.

Insolvencies



Source: British Chambers of Commerce

Interest rates have fallen 2 percentage points to 8 per cent since the insolvency statistics were collected, but there is no evidence that the reduction has improved consumer or business confidence.

Mr Richard Brown, BCC director of policy, said the failures were "alarming and underline the deep sense of instability in the business community".

With more than 19,000 companies going into liquidation in the first nine months of the year, Mr Brown said it was not only badly managed businesses that were folding, but good companies suffering from a loss of market and bad debts.

Mr Robin Cook, shadow trade secretary, said the figures showed "an economy in a free-fall towards slump with a government that cannot find a parachute". Since the election, 31,000 companies and individuals had been forced into bankruptcy, but instead of giving the economy a kick start, the government had kicked the feet from under many businesses, he said.

For the 12 months to the end of September, the number of company insolvencies was 24,219, which represented 2.6 per cent of active companies registered. The total in 1991 was 21,827, compared with 15,051 in 1990 and 10,456 in 1989.

Industries with the largest number of liquidations over the last year were construction, business services, metals and engineering, retailing and transport and communications.

Job losses, Page 5

Job cuts expected at Scottish Enterprise

By James Buxton, Scottish Correspondent

THE SCOTTISH Enterprise network of economic development bodies in southern Scotland is likely to make substantial staff cuts as a result of a reduction in its budget expected in public spending plans for next year.

Mr Crawford Beveridge, chief executive of Scottish Enterprise, parent body for 13 local enterprise companies (Lecs), has told staff the network of Lecs and the parent body will both be reduced in size.

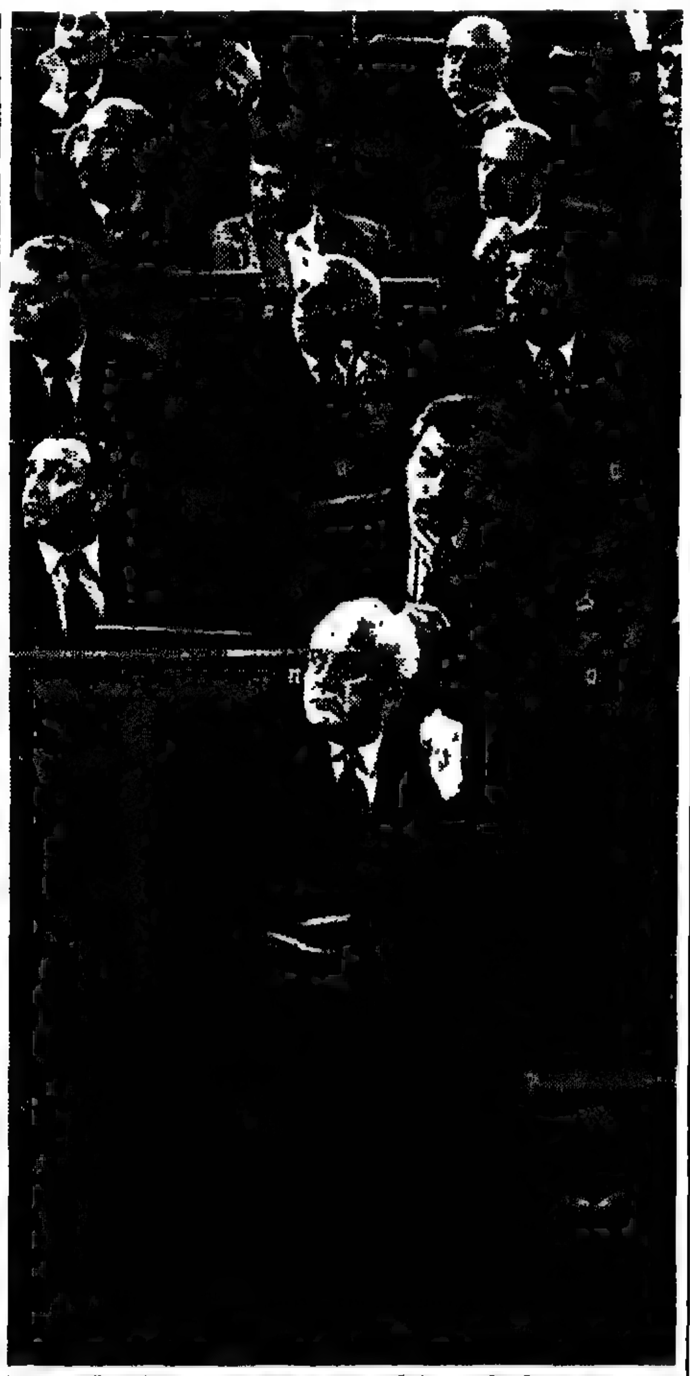
The parent body, known as Scottish Enterprise National, employs about 370 people and the 13 Lecs have about 1,000 staff in all. The 1992-93 Scottish Enterprise budget totals £462.6m.

Staff of Scottish Enterprise National may be cut by between 80 and 100, with about the same number of jobs being lost in the Lecs. Scottish Enterprise's budget could be reduced by 10 per cent.

The possible cuts were denounced by Mr Tom Clarke, the shadow Scottish secretary, as "short-sighted and ludicrous".

Mr Beveridge said decisions on the allocation of resources depended not just on the money available but also on "priorities for the network as a whole" and on "the increasing efficiency with which we carry out these tasks". Decisions will not be taken until after next week's Autumn Statement.

With government spending being tightly constrained by the Treasury, the Scottish Office Industry department which funds Scottish Enterprise wants to preserve its road building programme, saying it is essential as the single European market approaches.



Former Soviet foreign minister Eduard Shevardnadze watches as Georgia's parliament confirms him as head of state. Shevardnadze, whose title is chairman of parliament, won a landslide victory in last month's elections. Yeltsin struggles to calm N Ossetia flare-up, Page 4

PC prices set to rise after fall in sterling

By Alan Cane

PRICES of personal computers in the UK look set to rise because of the devaluation of sterling following Britain's exit from the European exchange rate mechanism.

Up to 40 companies could announce price increases, despite the fiercely competitive UK market. Some have already done so.

Elonex, the London-based company which is the sixth largest supplier of personal computers in the UK, said yesterday it was raising prices by between 7½ and 12½ per cent on a range of machines.

A desktop PC will cost another £100, a notebook computer £200 more.

Other companies are understood to have raised prices but refused to make the increases public.

The computer industry buys components, chiefly from the US and the Far East, in dollars, but sells them in the UK in sterling.

Mr Israel Wetrin, Elonex founder and chief executive, said: "Do we stick with lower prices and compromise on quality or do we absorb as much of the extra cost as we can and raise our prices by as much as is necessary to maintain high standards?

"Elonex has chosen the latter course," he added.

Mr Jeremy Davies, managing director of Context, a UK-based consultancy which tracks PC prices, said devaluation of the pound had forced PC suppliers into one of two camps: those, such as Elonex, Viglen and Opus, which are assembling PCs in the UK and face increased component costs, and others including Compaq, Dell and Acer, which assemble outside the UK and are not affected.

He said: "This will accelerate the shake-out we have been expecting among PC suppliers".

Dell, the US-based pioneer in direct selling through telesales and newspaper advertisements, said it would not raise prices. Opus Technologies, UK-based supplier, refused to comment.

The price rises will be the first since the PC industry was riven by a price war which began two years ago. Since then prices have been falling by up to 40 per cent a year.

In the past few months Compaq and IBM, the market leaders, have announced low-cost PCs which will intensify competition in what one supplier described as "a grubby business today".

Dismay at delay to Maastricht

Continued from Page 1

he was insisting Denmark's position was clear before the Commons voted.

His actual words, however, were predicated on the assumption that the Danes did hold their ballot in May.

Tory opponents of the treaty will be furious if there is any attempt to hold a third reading vote before a Danish poll.

Several dissident MPs are known to have supported the government in the crucial debate on Wednesday on the understanding that the process will not be concluded before the Danes have given their verdict on the treaty.

The Foreign Office has been clearly dismayed by the concession Mr Major offered to Tory backbenchers threatening to vote against the government on Wednesday.

The move has embarrassed Mr Douglas Hurd, the foreign secretary, who will have to explain the apparent further delay to other European countries.

At meetings with EC foreign affairs ministers next week he will explain how the British parliamentary system and the revolt with the Conservative party mean that ratification can only be achieved slowly.

The political fissures spreading through the EC are making it much harder to reach agreements on several outstanding issues on the already crowded Edinburgh agenda, notably the Delors II package which provides for increased funding for the poorer southern European states.

It is also likely to prompt Spain to seek a delay in the planned enlargement talks with Finland, Austria and Sweden, according to a senior EC official.

These are a priority for the British presidency, but they are contingent on a Delors II package and ratification of Maastricht.

THE LEX COLUMN

View from on high

Like Mr Major, the UK equity market has survived this week's Maastricht vote. Like him again, this does not necessarily mean it has much to look forward to. With the FT-SE over 2,700, equities are looking dear in terms of an historic multiple over 16. There is not much economic growth in the offing, after all. Nor has Wall Street rebounded in salute to Mr Bill Clinton. Instead Europe faces the grim prospect of a trade war which, if it happens, will depress activity generally as well as inflicting hardship on individual companies such as Guinness, Grand Metropolitan and Allied-Lyons.

What may be sustaining equities is the relative calm in the gilts market. The yield gap is still just below 2. Although this measure is no longer such a reliable indicator of value, it still puts equities in relatively comfortable territory. The question for the coming week is whether that comfort will be disturbed by the chancellor's Autumn Statement.

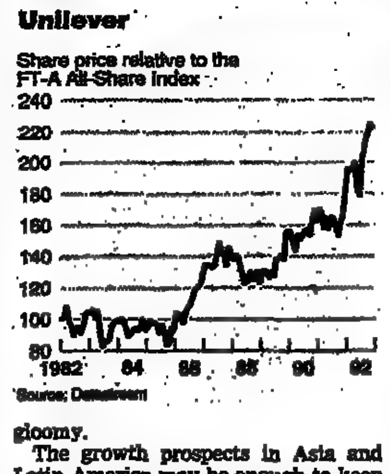
This could happen in one of two ways. An interest rate cut could undermine sterling and hence gilts. As long as any cut is no more than 1 point, though, that seems unlikely. The money markets are discounting such a move and sterling is holding up. But equities have almost certainly factored in a one-point cut. How much they are assuming on public spending is another matter. Mr Lamont might fail to stick to the £244.5bn target. Or it might be achieved only by sleight of hand with heavy reliance on privatisation receipts, release of council house sale proceeds or unworkable targets for public sector pay. If that were the case, gilts – and therefore equities – would lose their lustre sooner rather than later.

Unilever

Having side-stepped the cycle for so long it was about time Unilever felt the impact of recession. Yesterday's third-quarter figures are solid enough, but there is clear pressure on margins in US consumer products and the outlook in Europe is far from encouraging, especially for industrial chemicals. The benefits of restructuring in European foods will start to flow through next year, but by then Unilever could be running to stand still. Selling detergent in Argentina and ice-cream in Thailand, though, remain growth businesses. Double-digit sales growth in 10 countries outside Europe and the US prevented an ordinary set of results from looking distinctly gloomy.

FT-SE Index: 2702.7 (-8.4)

Unilever



Source: Datastream

The growth prospects in Asia and Latin America may be enough to keep Unilever busy for the time being, but history and the rude good health of the balance sheet point to activity closer to home. Buying Chesebrough-Pond's in 1986 and Fabergé and Elizabeth Arden in 1989 helped Unilever outperform the market, even when earnings growth in other sectors was strong. With little more than £1bn net debt and strong cash flow, there is certainly scope to add to the formidable portfolio of consumer brands.

A stronger dollar may act as a brake on the shares, since US shareholders could well see pedestrian earnings growth next year whatever Unilever's operating performance. Even so, with immense resources and exposure to fast-growing economies, it would be a brave bet on Unilever underperforming the market despite yesterday's 3 per cent fall.

UK conglomerates

It is tempting to see Hanson's withdrawal from the contest for RHM as a sign that times are truly difficult for conglomerates. All the more so since the market evidently has reservations about the wisdom of Tomkins staying the course. Less clear is how much this is simply a function of recession. In these straitened times, predators cannot easily use their own paper to pay for acquisitions. Nor can they readily dispose of the parts of any purchase they do not want. Few targets are going cheap.

That may explain why an inactive Williams has underperformed the market so far this year by 8 per cent, while Tomkins is trying to convince investors it makes sense for it to be in food. It might have done better to desist. Until it bid for RHM its shares had outperformed the market by about 20 per cent this year. Now the premium is down to 3. At least Hanson has kept its firepower intact.

One has to assume that when the cycle turns there will be less talk of organic growth and negotiated strategic acquisitions. That said, the best of the recovery may accrue to smaller conglomerates which can still add substantial value with every deal. Hanson may be condemned to lasting sobriety. It has outperformed the market by 7 per cent this year against 17 for BTR, the other conglomerate giant. BTR has Hawker Siddeley under its belt, but doubtless the market is also looking at the two companies' spread of businesses and how they are managed.

Spring Ram

Slicing 27 per cent off a company's share price in response to an exceptional item of less than 15 per cent of last year's profits may seem excessive. But then the disclosure of irregularities at Spring Ram's Balterley Bathrooms subsidiary could have been better handled. The seemingly casual revelation that the company knew about the problem before publishing last year's figures, yet did not draw shareholders' attention to it, hardly reassures. Nor does the fact that when the hole proved larger than expected, the management still kept mum.

Spring Ram is also a decentralised company, so fears of inadequate management information and control have to be added to the disclosure lapse. As a growth company with a premium rating, it can ill-afford to treat shareholders in a cavalier way. Even if there are no other skeletons in the cupboard, suspicions will take a long time to disperse.

There are concerns about the company's meteoric rate of expansion. Last year stocks and work in progress grew by 72 per cent while sales rose only 34 per cent. The management's view that this would allow the company to supply an improving market must now be being tested. If the extra sales do not materialise, stocks will rise further or this year's profits will be cut. Then there is Spring Ram's gentle depreciation policy. There may well be nothing seriously wrong. But investors have been burnt by too many falling stars of late to take that on trust.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Leifheit	359.5	+	14.5
Linotype	389	+	10.6
Schering	736.5	+	12.2
Falls			
Colonia Konz	765	–	15
Karstadt	516	–	9
Kaufhof	419	–	12

New York ($)

Rises			
Eljer Inds	$10\frac{3}{4}$	+	$\frac{5}{8}$
OHM Corp	$7\frac{3}{4}$	+	$1\frac{1}{8}$
Woolworth	$33\frac{5}{8}$	+	$\frac{1}{8}$
Falls			
Food Lion	$8\frac{5}{8}$	–	$\frac{7}{8}$
Foodmaker	$11\frac{7}{8}$	–	$\frac{5}{8}$
McDonnell Doug	55	–	$1\frac{3}{8}$

New York prices at 12.30pm

Paris (FFr)

Rises			
Bouygues	519	+	19
Essilor	383	+	15
Imm de France	745	+	36
Taittinger	2070	+	100
Falls			
Lafarge	310	–	10.4
St Gobain	511	–	16

Tokyo (Yen)

Rises			
Koatsu Gas	575	+	49
Komai Tekko	1020	+	70
Titan Kogyo	690	+	110
Tsugami	387	+	34
Falls			
Gajoen Kanko	125	–	17
Sea-Com	222	–	20

London (Pence)

Rises			
Dale Elect Intl	89	+	5
Dalgety	466	+	13
Filofax	54	+	4
Fitch	73	+	5
Gestetner	156	+	18
Howden	56	+	5
Leigh Interests	156	+	17
Lightship	13	+	$2\frac{1}{2}$
Meyer Intl	239	+	16
Midlands Radio	91	+	8
Northern Foods	285	+	10
Ratners	$16\frac{1}{2}$	+	$2\frac{1}{2}$
Stag Furniture	158	+	39
Falls			
Heath (CE)	291	–	19
High-Point	88	–	10
Pegasus	117	–	12
Shaw (A)	46	–	4
Spring Ram	113	–	43
UK Land	7	–	3
Unilever	1080	–	29

World Weather

UK Today: Southern England and Wales will start dry, misty and mild. Rain in north will spread south, with northern counties turning brighter and fresher later. Scotland will be mainly dry with sunshine.

		°C	°F																
				Cairo	F	27	81	Inverness	F	15	59	Milan	F	14	57	Salzburg	C	12	[illegible]
Ajaccio	S	19	66	Cape Town	S	23	73	Isle of Man	Dr	11	52	Montreal †	F	2	36	S'Francisco †	S	12	54
Algiers	C	21	70	Cardiff	[illegible]	15	59	Istanbul	F	14	57	Moscow	C	2	36	Seoul	S	17	63
Amsterdam	C	13	55	Chicago †	C	1	34	Jersey	Fg	12	54	Munich	C	12	54	Singapore	F	31	88
Athens	F	18	64	Cologne	C	12	54	Johannesburg	F	25	77	Nairobi	F	19	66	Stockholm	Dr	3	37
Bahrain	S	29	84	Copenhagen	C	11	52	Las Palmas	[illegible]	27	81	Naples	S	23	73	Strasbourg	F	12	54
Barcelona	S	18	64	Corfu	S	23	73	Leeds	F	16	61	Nassau		–	–	Sydney	C	18	64
Beijing	S	15	59	Dallas †	C	7	45	Lisbon	S	19	66	Newcastle	[illegible]	14	57	Tangier	F	21	70
Belfast	C	12	54	Dublin	C	13	55	Locarno	S	13	55	New Delhi	S	27	81	Tel Aviv	F	27	81
Belgrade	F	14	57	Dubrovnik		–	–	London	C	15	59	New York †	S	6	43	Tenerife	S	26	79
Berlin	C	11	52	Edinburgh	C	13	55	Los Angeles †	S	14	57	Nice	S	19	66	Tokyo	R	17	63
Biarritz	S	19	66	Faro	S	22	72	Luxembourg	C	10	50	Nicosia	[illegible]	25	77	Toronto †	F	2	36
Birmingham	C	15	59	Florence	S	17	63	Madeira	S	21	70	Oporto	S	21	70	Tunis	F	22	72
Blackpool	F	13	55	Frankfurt	S	13	55	Madrid	S	17	63	Oslo	Fg	1	34	Valencia	S	20	68
Bombay	S	33	91	Geneva	C	10	50	Majorca	S	21	70	Paris	Fg	9	48	Vancouver †	R	7	45
Bordeaux	S	18	64	Gibraltar	F	19	66	Malaga	S	19	66	Perth	C	23	73	Venice	Fg	12	54
Boulogne	C	12	54	Glasgow	R	13	55	Malta	S	23	73	Prague	F	14	57	Vienna	F	16	61
Bristol	C	16	61	Guernsey	S	14	57	Manchester	S	16	61	Reykjavik	C	3	37	Warsaw	R	6	43
Brussels	C	11	52	Helsinki	F	-1	30	Melbourne	C	14	57	Rhodes	S	21	70	Washington †	S	5	41
Budapest	S	15	59	Hong Kong	F	26	79	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	S	14	57
Buenos Aires		–	–	Innsbruck	S	11	52	Miami †	S	25	77	Rome	S	23	73	Zurich	C	8	46

Temperatures at midday yesterday † Noon GMT temperatures. C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

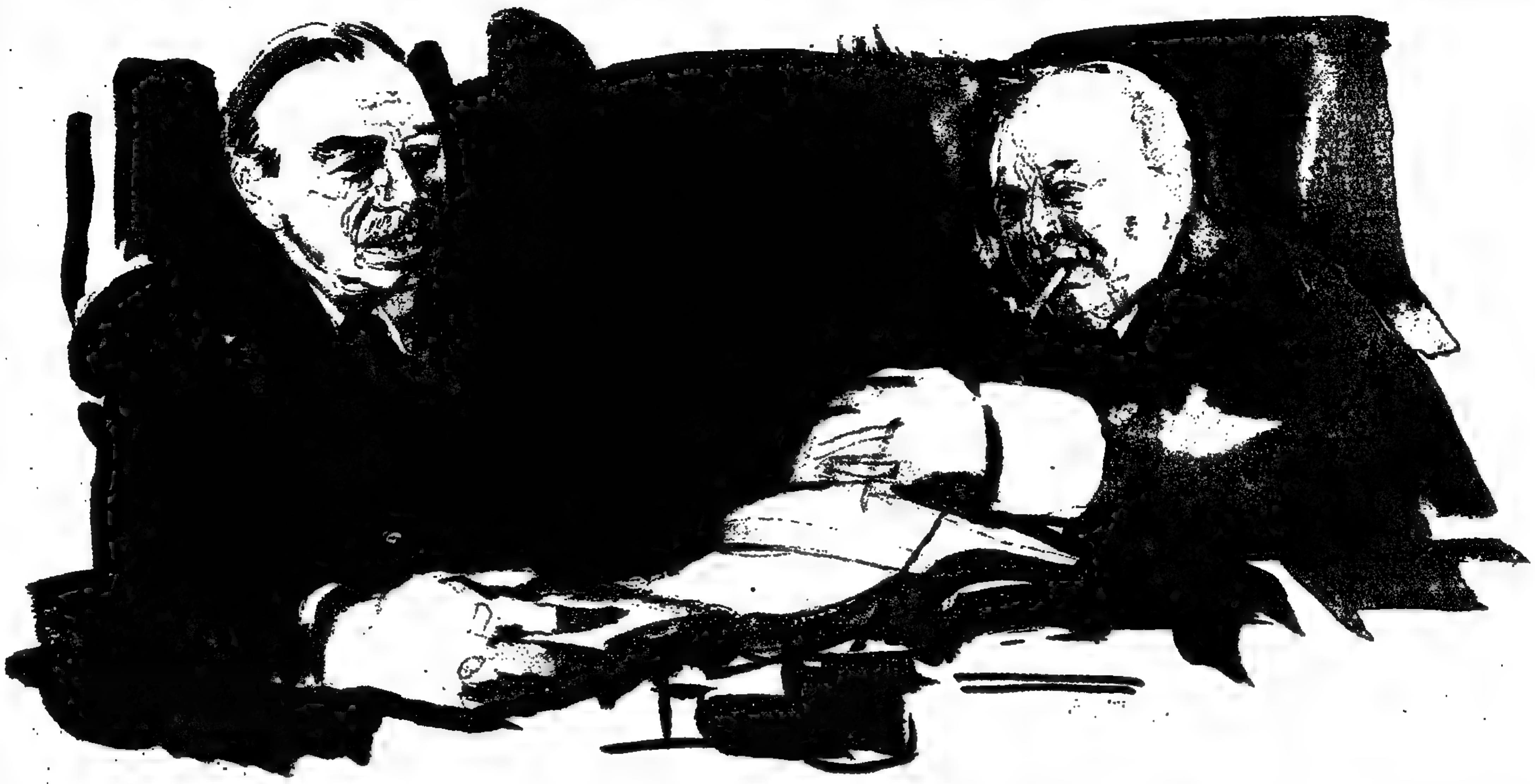
Weekend FT

SECTION II

Weekend November 7/November 8 1992

Lost lessons of Winston's recession

In 1925, Keynes warned the Chancellor of depression. Has Lamont repeated Churchill's mistake? asks **Robert Skidelsky**



JOHN Maynard Keynes spent most of his professional life explaining how Britain could avoid the distress and waste of high unemployment. His disciples, who dominated economics after the Second World War, believed that as a result of his work, the great depression of the 1930s need never happen again. Yet British unemployment reached more than 3.1m in 1986. Now, six years later, the dole queues are again lengthening and an end of the recession is not in sight. Was Keynes's lesson neglected or has he proved to be, in some sense, wrong?

To understand these contemporary questions one needs to go back to the period before Keynes's work, the *General Theory of Employment, Interest and Money* (published in 1936) – to the 1920s. It was abnormal British unemployment rather than lack of demand in the world economy that he sought to explain in *A Tract on Monetary Reform* (1923) and *A Treatise on Money* (1930). Above all, he wanted to show that, by overvaluing the pound in 1925, the Bank of England was forced to set interest rates too high to allow full employment.

It is from this perspective that we should look at what Keynes has to offer us. In the 1920s, Britain was in a self-induced depression, with the world economy moderately prosperous. Similarly today, the issue is not the collapse of the world economy, but the collapse of the British economy. Indeed, while Keynes was writing his *General Theory* to explain how a closed economy can run down, Britain was recovering from the world depression with a cheap money policy. So the parallel is with the 1920s, not the 1930s: the theme, the monetary mismanagement of the British economy.

Keynes's vision of Britain in the 1920s was of an arthritic, or perhaps merely mature, economy suffering from a deflationary overdose inflicted by a financial oligarchy, too proud and ignorant to attend to social detail. He was well aware of the structural weaknesses of the British economy – the incompetence of business management dominated by "third generation men", the obstructionism of the trade unions, "once the oppressed now the tyrants" – the general resistance to change. He was infuriated that monetary policy, instead of trying create a favourable climate for overcoming these weaknesses, made them lethal. When the government imposed its package of economies on September 8 1931 in a last effort to keep Britain on the gold standard, he exploded before a group of Labour MPs: "I speak from a full heart. The course of policy pursued so far has reduced us to a point of humiliation one could not have conceived".

At the same time, Keynes understood that stable exchange rates were good for a large trading economy. The dilemma he faced was how to combine a monetary policy geared to maintaining full employment (that is, relatively easy credit) with membership of a fixed exchange rate system. Keynes was the first to realise, or at least say, that exchange rates should reflect the competitive power of national economies and not be used to force downward adjustment of money costs. If so used, any system of fixed exchange rates would break down. By overvaluing sterling in 1925, Britain destroyed the gold standard system which it had created, just as by overvaluing sterling within the ERM in 1990, Britain has come close to destroying the mechanism so painfully constructed in the 1980s.

The reconciliation of the two requirements of domestic and international stability required, Keynes thought, keeping the whole world in "quasi-boom". This was the neglected lesson of the 19th century. Over that period, he said in 1930: "Prices were on the whole tending upwards, and allowing for the sharp increase in efficiency which was going on all the time. There was never any occasion to use bank rate to bring about a downward adjustment of wages."

The problem which dominated his lifetime was how to set Britain back into the right starting position for this ascent to prosperity after the catastrophic "interruption" of the first world war. In the 1920s, this seemed to him a problem of restoring the domestic equilibrium of wages and prices, disrupted by the wartime and postwar inflation. This, he thought, should be done *before* stabilising the exchange rate.

The defeat of the postwar inflation had left a legacy of over 10 per cent unemployment. Prices had *fallen* faster than money wages, so that employers had been forced to cut costs by reducing their workforce. Today, although prices are *rising*, employers face similar pressures because wages have risen faster. So in both periods, the purchasing power of wage earners (real wages) rose. In 1922, Keynes said: "The continuance of unemployment is to an important extent due to the fact that we have got the level of wages out of gear with everything else. The only way in which they will get into gear will be by an increase in the level of prices".

He wanted to get prices up to induce employers to take on more workers, and the exchange rate down to ensure that the price of British goods did not rise too much.

The Treasury and the Bank of England, however, took a similar view to that enunciated by Norman Lamont, the present Chancellor, when he said on July 10 of this year: "The way to success is to adjust your costs to your exchange rate, not the other way round". The monetary policy pursued by the authorities throughout the early 1920s was dominated by their desire to put sterling back on to the Gold standard at its prewar parity with the dollar ($4.86). Employers would be expected to cut wages and prices sufficiently to make export industries competitive at that rate.

The Treasury/Bank view of the 1920s was echoed in the Medium Term Financial Strategy adopted by the Thatcher government in 1980 and in the overvaluation of sterling in 1990. The assumption linking the two eras was that if monetary policy is credible, business behaviour will adjust to the monetary framework set by the authorities. In his evidence to the Macmillan Committee Montagu Norman, governor of the Bank of England, said: "I have never been able to see myself why for the last few years it should have been impossible for industry starting from within to have readjusted its position".

Keynes knew this was myopic. In March 1925, Winston Churchill, the Chancellor, gave a dinner party, to which he invited Keynes and Reginald McKenna, the two foremost opponents of the return to gold. They were to battle it out with two Treasury officials, Lord Bradbury and Otto Niemeyer. Keynes and McKenna stuck to the point that British prices had not fallen enough to support the prewar value of sterling. Going back to gold at $4.86 would overvalue the pound by 10 per cent, requiring a 10 per cent fall in money wages. Bradbury and Niemeyer retorted that only returning to gold at the old parity would stop Britain living in a fools' paradise of inflated real wages. The gold standard, they said, was "knave [ie politician] proof". In the end McKenna, a former Chancellor, gave way. "There is no escape; you have to go back; but it will be hell", he said. Keynes stood firm.

Keynes saw that the only way a policy of high interest rates can cause prices to fall is by withdrawing from employers the financial means to employ labour at the existing level of money wages. It means "intensifying unemployment without limit, until the workers are ready to accept the necessary reduction of money wages under the pressure of hard facts". He suspected that the government would shrink from the logic of its policy. Bank rate would be kept high enough to attract foreign funds to London and retard domestic investment, but not high enough to break workers' resistance to money wage reductions. The result would be to "jam" the British economy in a low employment trap.

"The fundamental blunder of the Treasury and the Bank of England" he wrote in 1928 "has been due, from the beginning, to their belief that if they looked after the deflation of prices the deflation of costs would look after itself . . .

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The Long View/**Barry Riley**

A swing to the dollar

FIRST, SOME anniversaries. It is 500 years since Christopher Columbus discovered America by mistake, and 200 years since the US dollar was created. It is 60 years since the last elected Republican party US president was rejected for his second term – Herbert Hoover in 1932, a victim, like George Bush, of the nation's perception of his failure to tackle economic difficulties. Now Bill Clinton inherits the legacies and responsibilities; only history will tell if he is another Franklin D. Roosevelt.

Clinton's victory was almost a foregone conclusion and so the financial markets have reacted calmly. In fact, the dollar appears to have bottomed out some weeks ago, when it briefly dipped to DM1.40 for the second time early in October. From there, it has bounced more than 10 per cent. As for poor old sterling, the brief glory of the two-dollar pound late in August has been extinguished by the cold reality of a current rate little above $1.50, representing a 30 per cent leap for the dollar and one that will gratify the devotees of the purchasing power parity theory of exchange rates.

This turnround by the dollar against the European currencies partly reflects the feeling that the peak of D-Mark interest rates has certainly passed, but equally the growing opinion that the trough for dollar rates is being formed, too. At present, the money market rate on dollars is just over 3 per cent, on D-Marks, around 9 per cent. It would not be surprising to see those rates converge quite close together over the next 12 months.

Published figures show moderately strong economic growth in the US, with a provisional GDP growth figure of 2.7 per cent annualised for the third quarter – albeit a pre-polling day statistic received with some disbelief by the markets.

Now Bill Clinton is heading for power armed with spending plans which are rather more credible than his compensating cost-cutting programmes. He inherits, incidentally, a Federal budget deficit of $300bn-plus, or 6 per cent of GNP. The deficit remains a formidable obstacle and one which, on the disaster scenarios, could conceivably start expanding out of control as the debt burden compounds: $300bn here and $400bn there, and pretty soon you have the darndest credit rating problem.

Long-term interest rates have therefore been moving rather differently from those at the short end. The long bond yield hit 8 per cent in May and slid to 7.2 per cent at the beginning of September but has subsequently risen to 7.7 per cent as the Clinton bandwagon has rolled confidently towards the White House.

Meanwhile, the US stock market has continued to move resolutely sideways. The pattern has varied somewhat across different sectors of the market, so that the 30 blue chips in the Dow Jones Average tended to perform better in the early part of the year, while the broader-based Standard & Poor's 500 hit a high in September (almost coinciding with that of the long bond) and has stayed very close to it.

However, the remarkable feature of Wall Street in 1992 has been its steadiness; the gap between the high and low on the S&P's 500 is a mere 8 per cent (against 22 per cent in the case of our own All-Share Index, for example).

American stocks have, of course, been suffering from valuation problems. The backward-looking price-earnings ratio on the S&P's is still a formidable 27, and although that continues to be artificially inflated by last year's wave of restructuring provisions, the prospective 1992 p/e is a still offputting 19 or so.

Steady earnings growth of, say, 15 per cent in 1993 could bring that down to 16 or so, but the problem all this year has been the sheer difficulty of presenting this projected earnings pattern as a justification for a surge in prices.

Certainly, international fund managers have concluded that Wall Street is overpriced. "Where is the foreign investor?" complained the Securities Industry Association last week, releasing figures that showed foreigners sold $1bn net of US equities in the second quarter (though they were substantial buyers of US Treasury bonds). British pension funds, for instance, hold only 21 per cent of their overseas equity portfolios in US stocks. A neutral weighting, in terms of market capitalisation, would be more than twice as large.

The difference may not be so much between US and foreign opinion as between amateur and professional investors. The record demand for US mutual funds has provided the key feature of 1992, with equity funds notching up amazing net sales of $50.9bn during the first eight months (although on average investors have lost money on equity funds so far this year).

Bond funds have pulled in an even more formidable $81.9bn. But because the basis of this demand for mutual funds appears be a flight from low-yielding savings deposits, as the US banking system shrivels before our very eyes, there are obvious fears about the consequences should short-term interest rates rebound. On this reasoning, Wall Street may have nowhere to go but down. If the economy recovers and earnings are strong, interest rates will go up and the flow into mutual funds will be reversed. Alternatively, if interest rates stay low, it will be because the economy fails to revive and the earnings recovery which the market is discounting will fail to happen.

One final anniversary. It is 21 years since the Bretton Woods agreement broke up and the dollar left its peg of $35 to the ounce. Since then, it has lost two-thirds of its domestic purchasing power and more than half its value against the D-Mark and the yen. But the US is big enough for the Americans to regard dollar weakness as a problem for foreigners, not themselves. It will not be a problem for the immediate future, though, as the markets nervously adjust to the Clinton presidency.

London Markets

Time for the revenge of the nerds

By Peter Martin, Financial Editor

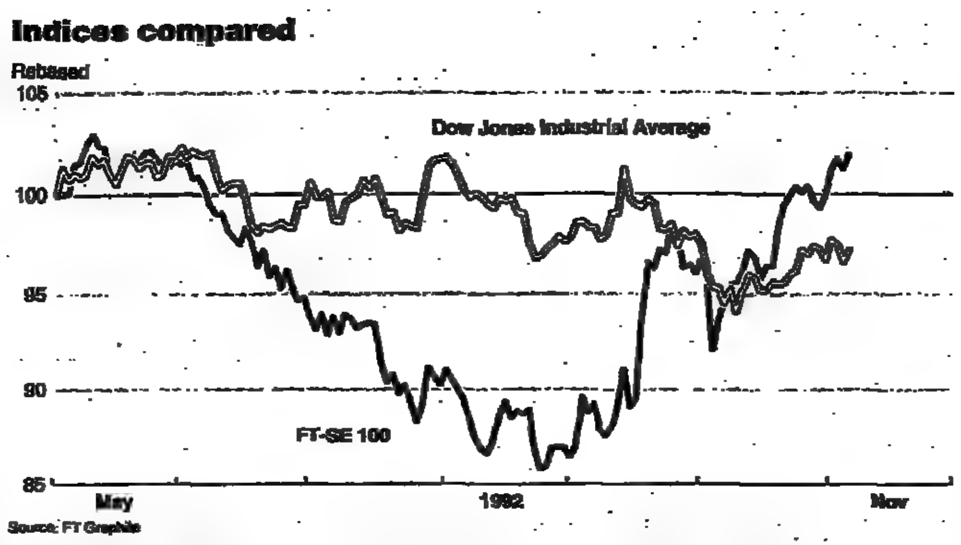
TRADITIONALLY, the Chancellor's autumn statement of public expenditure for the 12 months from April, due next Thursday, lacks the excitement of Budget day: the red box, the beer-and-fags populism, the jokes about mobile telephones. Instead, it is dominated by haggling over footnotes and obscure methodological debates about which definition of public sector borrowing is least misleading. This is an occasion only a gilts analyst could love.

Usually. This year, though, things are different. Locked in the purdah normally associated with planning a Budget, Norman Lamont has been working on a November Surprise.

Of course, it may not be a pleasant surprise. It is pretty clear by now that the statement will contain what one cabinet minister described as "horrendous" figures for public borrowing next year; it may also contain some accounting jiggery-pokery to allow local authorities to spend money which does not show up in the government spending total.

On the more positive side, the City is expecting it to usher in another cut in interest rates – anything from half a percentage point to the full two points of cuts that the markets are discounting by the end of the year.

What is not clear, though, is whether there will be other measures as well: a kick-start to the housing market, some tax concessions, a handful of fairy dust. The equity market – standing up remarkably well this week to a barrage of political uncertainty on everything from the future of John Major's government to the collapse of the world trading system and the tax treatment of UK companies in post-Clinton America – is currently more interested in evidence of a serious commitment to growth than in worries about public borrowing. So, even if the borrowing figures are as awful as that cabinet minister predicts, the market could well respond favourably to a package that promises deeds as well as words on growth.



The bankruptcy figures out yesterday – revealing that in the 12 months to September one in every 38 companies went to the wall – give further impetus to the desire for action. Still, though company chairmen remain almost universally gloomy, the most recent figures do not seem quite as dark as the public mood: car sales in October were 8 per cent higher than a year ago.

Profits are also showing an encouraging turn. This week's results included interim figures from Sainsbury (up 19 per cent); third-quarter figures from BAT (up 60 per cent, thanks to a recovery at Eagle Star, but doing well in tobacco also); better-than-expected third-quarter figures at BP (up 33 per cent on a replacement cost basis); and a 9 per cent increase in third-quarter profits at Unilever.

If the economic climate is indeed improving – albeit imperceptibly – Tomkins may prove to have timed its friendly bid for Ranks Hovis McDougall nicely. This week, the rival bidder, Hanson, dropped out, unwilling to raise its offer of £790m to match Tomkins' £935m. The stock market seems to be overcoming its misgivings about the Tomkins bid: its shares closed at 226p on Friday, safely above the 200p price of the rights issue to finance the bid. At that price, its share offer for RHM is worth only ½p less than the 260p cash alternative.

Hanson's shareholders have viewed the short-lived struggle with mixed feelings. Since Lord Hanson launched his bid for RHM, his company's shares have outperformed the market by 4 per cent: an indication, perhaps, that investors like to see a flash of the old Hanson acquisitive spirit, but would really prefer him to avoid the messy business of actually making a purchase.

Another entrepreneurial businessman, Alan Sugar, has decided that the ups and downs of the stock market are too much to bear. On Friday, he offered to buy back the public's 64 per cent of shares in Amstrad, the computer and hi-fi company he founded, at a price of 30p a share. He sold 7½ per cent of the company in March 1991 at 80p a share.

Intriguingly, Alan Sugar is putting Amstrad's money where his mouth is: the biggest single chunk of the financing for his purchase of shares comes from the company itself, in the form of a £50m loan. (The second-biggest chunk comes from Lloyds Bank, with the Sugar family piggy-bank a poor third.)

"There is a lot of necessary action that has to be taken with regard to Amstrad," he said on Thursday. Shareholders might be forgiven for thinking that that action was what he was being paid to take on their behalf.

The week was also notable for two nostalgic souvenirs of the past. One came from British Telecom, as it announced a tentative agreement to sell its 22 per cent stake in McCaw Cellular Communications, the US mobile-phone company, to American Telephone & Telegraph. BT, which bought its 35.8m shares in 1989 for $1.5bn, is selling out for $1.75bn.

The nostalgia element in the proposal, of course, is the way in which it brings back memories of BT's international ambitions, all of which seem to end in a whimper. Increasingly, the company seems to be forced back on its domestic base as a source of profits.

The second nostalgic moment came in the revelation that Bernie Cornfeld, that once-potent figure of the 1960s share price boom, is trying to get back into business. Cornfeld, whose mutual fund empire collapsed spectacularly two decades ago, is hoping to buy MGM from Credit Lyonnais, the French bank which lent the studio far too much money in the 1980s. So far, the bank seems to be treating Cornfeld with a certain amount of disdain.

Still, if it succeeds, the bid will provide an object lesson in how a once-discredited financial figure can rehabilitate himself in the eyes of the world: talk big and throw lots of money around. Norman Lamont, are you listening?

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2702.7	+44.4	2737.6	2281.0	Maastricht/US election tensions ease
APV	101½	+17½	136	76	Bid speculation
BAT Inds	927	+48	945	606	Legal action on Ph Morris withdrawn
Burnfield	91	-72	226	63	Profits warning
Cable & Wireless	650	+46	658	482	Broker upgrade
HSBC	555	+45	555	236	Hong Kong market strength
Invesco MIM	85	+10	92	50	Peregrine inv increases stake to 24%
National Power	269	+28½	285	188	Coal deal expected/Salomon "buy"
RHM	257¼xd	-7¾	276	130	Hanson withdraws from bid contest
Redland	383	+40	555	300	Infrastructure spending hopes
Securicor A	625	+90	652	469	Talk of BT buying Cellnet minority
Spring Ram	113	-37	181	100	Bid for Stag Furniture
Stag Furniture	158	+83	158	73	Bid by Spring Ram
Standard Chartered	543	+68	544	364	Takeover speculation
Weir	531	-21	579	435	Downgrading/stock overhang

Serious Money

Taking money out of the frying pan

by Philip Coggan, Personal Finance Editor

THE most important issue facing UK savers at the moment is this: where to put their money once they take it out of the building society?

Everyone should keep some rainy day savings in an instant access account to cover immediate commitments such as a leaky roof, a car breakdown or a holiday. But, now that interest rates have tumbled, building societies simply do not represent a sound investment for long-term savings.

This is a theme which the Weekend FT will emphasise over and over again during the coming months. The message needs to be rammed home, in part because high real interest rates have given savers an easy life over the last few years. But if the UK is ever to recover from its present economic difficulties, the level of real interest rates must fall.

It takes time for a change in the economic climate to feed through into savers' perceptions. Save & Prosper commissioned NOP to ask 1,000 adults their perception of the net rate of interest on £1,000 in an instant access account.

The most popular answer – given by 34 per cent of those questioned – was 7 to 9 per cent and 12 per cent of respondents thought the net rate was over 10 per cent. Only 20 per cent correctly estimated that the net rate was between 4 and 6 per cent.

In other words, many people are wildly over-optimistic about the returns available from building societies. Eventually they will realise the truth: the education process could be painful.

The advantages of building society investment is that it is simple to understand. The alternatives are more complex. With the aim of guiding readers through the new world, I offer a few simple rules.

■ *You are on your own.*

Do not assume that the financial services industry has your best interests at heart. *Companies are keen to get their hands on your money,* so they will highlight the most attractive elements of their products and downplay the drawbacks.

In the vast majority of cases, the adviser or salesman will be paid by the financial services companies, and not by you. It is in their interest to recommend products which earn them commission; and it is against their interest to recommend products which are commission-free. Some will be scrupulously honest and resist these temptations – your problem is that it is hard to tell the honest recommendation from the hard-sell.

You should remember that advisers and salesmen have to earn their living, just as you do. There can accordingly be no such thing as "free" advice. It is better that you pay a fee, so that it is clear the adviser is working for you. This means giving money up-front, but it will probably be the cheaper option in the long run.

■ *Nobody knows the future.*

Do not assume that there is some secret pool of knowledge shared by all those who work in the financial services industry. Certainly, those who advise you should be aware of all the rules and regulations which apply to their field.

But they do not know the rate at which the economy will grow, where the stock market will move, or the level of interest rates in one year's time. Who could have predicted, at the start of 1992, that Britain would leave the exchange rate mechanism, base rates would rise to 12 per cent and then fall to 8 per cent, and that President Bush would be defeated by the governor of Arkansas? Nobody who contacted this office.

The same strictures apply to journalists, of course. If I was so smart, I would have made my fortune and be lying on my yacht in the sun, *instead of* trudging over Southwark Bridge every *morning. So treat* newspaper share tips with caution, and be highly suspicious of those who tell you, after careful analysis, that the investment of the future is Tai*wanese smaller companies.*

■ *Greater reward means greater risk.*

This is the most important rule of finance. Too often, investors demand 20 per cent annual returns with no danger of loss of capital. It cannot be done.

The gross yield on long-dated gilts is currently between 8.5 and 9 per cent. The first option bond from National Savings is offering a gross 8.67 per cent over one year.

Any product which offers a higher rate than this must involve some risk, if only the credit risk that the company offering the product will fail. You must decide what level of risk you can live with.

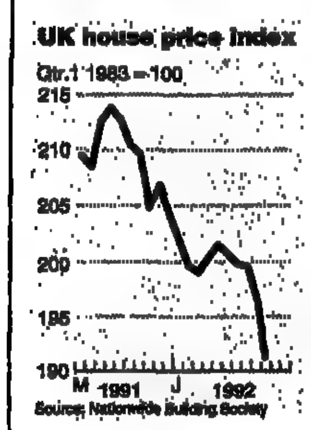
■ *Spread your investments.*

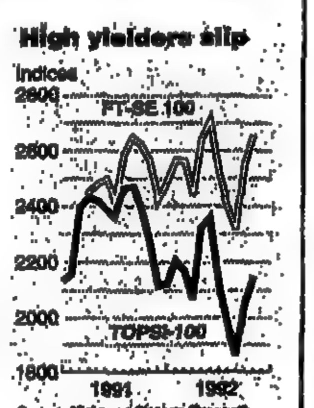
It is tempting, since it involves less effort, to give all your money to one company. Frequently, institutions will offer premium rates to those investing bigger sums. But the above rules highlight the flaws of this policy: no one has the *sure-fire recipe for investment* success (and, even if they did, they would be unlikely to share it with you). So hedge your bets.

Indeed, this rule takes us back to the premise of the article. Investors were taking a risk by keeping all their savings in the building society, even if they did not realise they were. The risk was that interest rates – their income – would fall while their expenditure – as reflected by the Retail Price Index – would continue to rise. That possibility has now occurred.

For the foreseeable future, investors need to think of their savings as a portfolio, with building society deposits forming only one element alongside *gilts and shares.*

AT A GLANCE





Further slump in UK house prices

Nationwide Building Society produced yet more bad news for homeowners this week, with the announcement that its index of house prices dropped a further 2.7 per cent last month. This brought the average house price down by £1,491 to £53,038, and piled on yet more difficulties for families already struggling with "negative equity" – where the value of their house is less than the value of the outstanding mortgage.

Halifax Building Society's index only fell by 1.2 per cent, but this followed a fall of 3.1 per cent in September, which was sharper than that registered by Nationwide. Both societies suggested that confusion following Black Wednesday continued to damage consumer confidence, and Halifax called for base rates to be reduced "at least" to 6 per cent. ■ **Woolwich mortgage scheme, page VI.**

Bottom marks for Topsi

One of the most popular investment theories has come unstuck in the last two years. Many analysts look at the yield on a share as a vital determinant of whether it is worth buying – the argument is that a high yield means that a company is undervalued and due for a sharp rise in price.

Kleinwort Benson constructs the TOPSI-100 index from the 100 highest-yielding shares within the FT-All Share Index. Rebasing both to the end of 1990, Kleinwort Benson finds that the TOPSI has risen by only 0.7 per cent, while the All-Share as a whole has *managed growth of 21.7 per cent. The FTSE-100 index, which* includes the largest companies by market capitalisation has increased by 24.3 per cent, suggesting that "blue chips" have done much better than more speculative stocks.

DIY taxation

The Inland Revenue has published a consultative paper suggesting *that individuals should be responsible for assessing their own tax.* This change would not apply to the majority who pay tax through the PAYE system, but for those with other income, who regularly fill in a tax return. Income would be taxed on a current year basis. The proposals would not be introduced until the tax year 1995-96 at the earliest. The consultative paper is available from the Inland Revenue Reference Room, Room 8, New Wing, Somerset House, London WC2R 1LB, price £2.

Guide to guarantees

Guaranteed equity products are all the rage at the moment, with a bewildering variety of products on the market. A comprehensive guide to the products currently on the market is available, free of charge, from BESt Investment at 4 New Bridge Street, London EC4V 6AA, tel: 071-936-2037.

Small companies grow bigger

"The ingredients for a resumption of smaller company sector outperformance are now being assembled", according to John Houlihan of Hoare Govett in his latest weekly round-up. It was certainly a good week for small company shares; the Hoare Govett *Index (capital gains version) rose 1.4 per cent from 1085.44 to* 1100.12 over the seven days to November 5, while the County smaller companies index increased 1.2 per cent from 838.71 to 849.16 over the same period.

Award for Weekend FT writer

John Authers was awarded the title of Unit Trust National Journalist of the Year by the Unit Trust Association this week. This is the second year in succession that the FT has received this award.

Wall Street

Saving the champagne for another day

POOR OLD George Bush. Not only did he lose his job this week, but no sooner was he voted out of office than the economic statistics started going the President's way – what will be President Clinton's way, that is.

The Republicans have been hammering away for months with the argument that the economy has not been as bad as people think – that the US was in the middle of an unusually slow recovery, not an unusually deep recession. It was a point that made some economic, if not political, sense.

There is a certain irony, then, in the fact that the most recent statistics have painted a predominantly positive picture of economic conditions. This week there was a rise in the National Association of Purchasing Management's index of business activity, small but still welcome increases in car and store sales, higher orders for factory-made goods, lower claims for jobless insurance, a lower national unemployment rate and a rise in the number of people on non-farm payrolls.

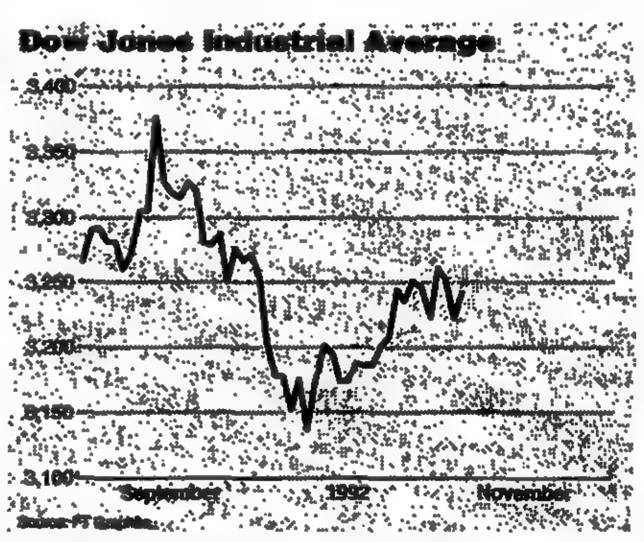
Many of these figures came with significant qualifications, and some were either too old, or too out of line with longer-term trends, to be meaningful.

Taken together, however, the figures suggested that the economy is advancing at a solid, if unspectacular rate, and that the foundations for sustained growth in 1993 and 1994 are being laid.

This, however, is of absolutely no comfort to (the soon-to-be-ex) President Bush. For his part, president-elect Clinton must feel that his honeymoon period has got off to an early start, although the possibility of a trade war with Europe could give him a few headaches over the coming weeks.

The reaction of the stock markets this week to all this – the economic numbers, the election result, the breakdown of the talks on the General Agreement on Tariffs and Trade – was remarkably restrained.

For one, the hoped-for and much-hyped "Clinton rally" never materialised. On election day, the talk was of a "win-win" scenario for stocks. If President Bush staged a remarkable recovery and won, the market would break out the champagne.



Alternatively, if governor Clinton rode the polls to a landslide victory, there would still be cause for a celebration. After all, the Democrats had promised to stimulate the economy with heavy spending on capital investment and the infrastructure – which could only be good for stocks over the long-term.

In spite of what the headlines said about a Clinton landslide, however, the Arkansas governor earned a less than overwhelming endorsement from the electorate. He may have beaten Bush by 202 electoral college votes, but between them, his two opponents attracted the support of 57 per cent of the electorate.

More importantly, Ross Perot won the backing of 19 per cent of the voters – which meant that almost one in five strongly believed that tackling the deficit should be the main priority for the new president.

As one analyst said on Wednesday: "If Clinton really listens to the message of the voters, he's going to go very cautiously on the budget deficit."

This realisation that Clinton will have to tread carefully next year, and that the threat of higher interest rates on Treasury bond markets will keep the Democrats' wilder spending ambitions in check, helps explain why the stock market's reaction to the election result was so subdued.

What gains there were this week came primarily from individual corporate stories. The news of a $3.8bn deal between AT&T, the country's largest telecommunications group, and McCaw Cellular Communications, its largest cellular telephone company, delighted the market.

Analysts expect both companies to benefit from the link-up, which involves AT&T buying 33 per cent of McCaw, with an option to take voting control at a later date. The deal pushed McCaw shares up more than $5, or 18.5 per cent, to $32, and AT&T up $2 to $44⅞.

Tobacco stocks were also in demand this week following the news that the most high-profile lawsuit filed by a smoker against the cigarette industry had collapsed, apparently because the lawyers who have spent years supporting the case felt the cost of continuing had become unacceptably high.

Anticipating that other similar lawsuits would also crumble, and hoping that a dark cloud had been lifted from the industry, buyers rushed into tobacco stocks.

The biggest beneficiaries were Philip Morris, which rose $3¼ to $78⅝, American Brands, which rose $1¼ to $43, and Loews, which climbed $3⅝ at $115⅝.

Patrick Harverson

Monday	3262.21	+ 35.93
Tuesday	3252.48	− 9.73
Wednesday	3223.04	− 29.44
Thursday	3243.84	+ 20.80

The Bottom Line

Exchange switches strategy

BRITISH Telecommunications' shareholders will be relieved by the price the company negotiated this week for the sale of its minority stake in McCaw Cellular Communications, the US mobile phone group, to American Telephone & Telegraph.

The price of $49 a share is almost double the market price before the deal was done and will bring about $1.5bn into the BT's *coffers when it* is completed next year. It has saved shareholders from what was, only last year, beginning to look like a costly error.

But the disposal is hardly a *triumph*. The most Barry Romeril, BT's group finance director, could say was that, once the funding costs of the investment were taken into account, "there was certainly no loss *and probably a slight profit.*"

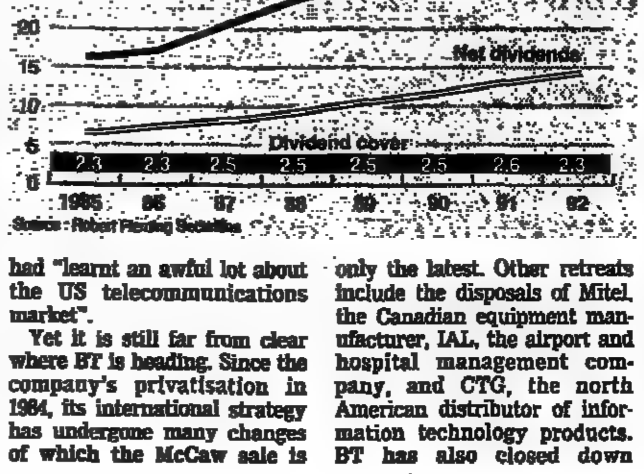
The disposal has also raised doubts about whether BT's management has yet developed a clear international strategy beyond stating its vision of becoming "the world's most successful telecommunications company".

At the time of the McCaw purchase three years ago, commentators questioned whether it fitted into any broader strategic vision. BT's chairman, Iain Vallance, replied that McCaw was a piece in a strategic jigsaw, the other bits of which could not be seen by outsiders.

One way of linking it to the jigsaw would have been to build a long-distance network in the US and integrate this with McCaw's local operations – the strategy now being pursued by AT&T. But BT never attempted to build such a long-distance network, while US regulatory restrictions prevented it from increasing its stake.

With no synergies in prospect and AT&T keen to buy into McCaw, this bit of the jigsaw has now been abandoned.

Romeril denied, however, that the original purchase had been a mistake. He said BT had "learnt an awful lot about the US telecommunications market".



Yet it is still far from clear where BT is heading. Since the company's privatisation in 1984, its international strategy has undergone many changes of which the McCaw sale is only the latest. Other retreats include the disposals of Mitel, the Canadian equipment manufacturer, IAL, the airport and hospital management company, and CTG, the north American distributor of information technology products. BT has also closed down Metrocast, a US paging company.

The remains of BT's international strategy is a plan to provide global telecommunications services to multinational companies. This has three main elements: Syncordia, its Atlanta based network management subsidiary; GNS, its data communications company; and "Operation Cyclone", a plan to invest $1bn over the next decade in infrastructure outside the UK.

This strategy received something of a blow earlier this year when Vallance was unable to attract other large international telephone companies as shareholders in Syncordia. But, even if it proves successful, it is unlikely to consume the vast amounts of cash which BT's UK operations are currently generating.

Romeril refused to be drawn on how this cash would be used. But the management is likely to face increasing pressure from shareholders for an answer.

The main options are:

■ To buy out the 40 per cent minority stake in Cellnet, its UK cellular subsidiary, from Securicor. This might cost about £1bn.

■ To acquire a major foreign telephone company, such as MCI, the second largest US long distance carrier.

■ To hand back the cash to shareholders through dividends or by buying back its own shares.

As set out in a report published this week by stockbrokers Robert Fleming Securities, the scope for such distributions to shareholders runs into many billions of pounds. Such a move would have substantial tax advantages for many investors as well as allowing them to redirect their cash to more productive investments.

It would also produce a clearer jigsaw puzzle, but very different from the one BT was previously assembling.

Hugo Dixon

FINANCE AND THE FAMILY

Seeing red as charges fail to fall

***Scheherazade Daneshkhu** reports on the high cost of overdrafts*

WHAT goes up does not necessarily come down where overdraft rates on current accounts are concerned.

UK base rates have almost halved since their peak of 15 per cent at the beginning of 1990 to 8 per cent today. Savers groan when rates come down, although borrowers should be pleased. However, those with overdrafts at some of the country's largest banks have little reason to cheer.

The table shows selected interest-bearing current accounts at banks and building societies and compares the rates on authorised and unauthorised overdrafts in January 1990, when base rates were 15 per cent, with those today.

Using the figures in the table, the average authorised overdraft rate has fallen by 2.2 percentage points and the unauthorised rate by only 0.8 of a point, in a period when base rates have dropped by seven points.

● **Authorised rates:**
It would perhaps be too much to hope that overdraft rates should have fallen in line with base rates over the same period, but many institutions have either held to the same rate or reduced rates by a pitiful amount.

Current account holders at Abbey National, the Co-Op and Bank of Scotland will actually be paying more for an authorised overdraft today than they did when base rates were 15 per cent.

Nationwide has kept its rates unchanged (a cut is planned later this month) and the majority of institutions which have dropped charges have done so by small amounts.

First Direct has only shaved its rate from 20.7 per cent to 20.1 per cent over the period.

Barclays and Woolwich have reduced their authorised overdraft charges by less than three percentage points. Halifax and Girobank show the highest falls in charges – of over five percentage points – since the beginning of 1990.

Abbey National says that its rates have increased to reflect the higher risks of unsecured lending during the recession. Along with First Direct, Halifax, Nationwide and Woolwich, it does not impose other charges for an authorised overdraft. This can make quite a difference.

Which?, the consumer association's magazine, in its survey of banks published this month, found that if you had an authorised overdraft of £500 and you slipped into the red by that amount for two weeks a month, you would pay £127 more a year on a Girobank current account than on a Nationwide FlexAccount.

"The charges make the difference and the interest itself is a relatively small part of the overall cost of the overdraft," said Jane Vass of the Consumers Association. "But rates are important because banks and building societies have imposed the charges and yet they are keeping interest rates high, too."

● **Unauthorised rates:**
The table shows that, on average, the cost of unauthorised overdrafts has gone up since January 1990.

For example, Barclays has increased its unauthorised rate fractionally from 35.4 per cent to 35.7 per cent. If you are overdrawn without permission, you have a grace period of £50 before being charged £15. If you go above £200, the fee rises to £25 a month.

Barclays says its overdraft rates are not linked to base rates but reflect the cost of administering an overdraft. However, Royal Bank of Scotland takes a different approach. It says that the rate charged is left to the discretion of the bank manager, who is told that base rates should be used as a broad guide.

Girobank says it regards an unauthorised overdraft as an abuse of the account and therefore has no compunction about widening the differential between its authorised and unauthorised rates.

Others, including Halifax, argue that unauthorised rates have been kept deliberately high to encourage people to arrange their overdrafts.

But Jane Vass said: "Most people who go into unauthorised overdraft usually do not expect to be overdrawn and have no idea about the rates. One reason why rates are high is that the banks and building societies think people will not notice. It is a cynical attempt to cream off as much as they can."

Once again, charges are crucial to the cost of the overall debt. *Which?* estimates that if you go into the red without authorisation by £500 for a week every quarter, you would be paying £347 more a year on a NatWest Current Plus account than on a Abbey National current account.

This is worth looking at in greater detail. Abbey National's unauthorised rate is 34.4 per cent compared with Nat West's 37.6 per cent, so one would expect the overdraft to cost more at NatWest.

But, Abbey has no further charges even on an unauthorised overdraft, while NatWest will impose a fee of £59 a quarter if you exceed your authorised limit by £50. The warning letter will cost a further £20.

The Co-Op is unusual in having the same rate for both arranged and unauthorised overdrafts but rates on both have increased since January 1990, although there is a three-day grace period before charges are imposed.

"Our rates went up in May 1990 and have not come down since, though they are under review," said a bank spokesman, defending the rise as reflecting increased lending risks. "The account is designed for people who stay in credit since it is interest-bearing."

Only Nationwide has attempted to mirror the fall in base rates, but only on its unauthorised overdraft, which has been reduced by seven percentage points. However, its overdraft rate of 36.8 per cent was one of the highest in January 1990.

The message to customers is that they should arrange an overdraft with their bank even if they do not envisage needing one. But they should also realise that banks are widening margins at their expense.

OVERDRAFT CHARGES

	Jan 1990	Nov 1992		Jan 1990	Nov 1992
Abbey National current account			**Lloyds Classic**		
Authorised	22.4	24.4	Authorised	25.3	21.6
Unauthorised	31.3	34.4	Unauthorised	36.0	32.9
Bank of Scotland			**Midland Orchard**		
Authorised	19.2	19.5	Authorised	23.8	19.5
Unauthorised	33.6	31.2	Unauthorised	36.0	34.4
Barclays Interest Option			**Nationwide Flex Account**		
Authorised	24.1	21.3	Authorised	23.8	23.8*
Unauthorised	35.4	35.7	Unauthorised	36.8	29.6
Co-Op Ultra Account			**NatWest Current Plus**		
Authorised	23.8	31.4	Authorised	24.5	19.0
Unauthorised	29.8	31.4	Unauthorised	35.7	37.6
First Direct Cheque Account			**Royal Bank of Scotland**		
Authorised	20.7	20.1	Authorised	negotiable	
Unauthorised	36.0	34.3	Unauthorised	negotiable	
Girobank Keyway			**Woolwich Current Account**		
Authorised	24.8	19.5	Authorised	23.8	21.0
Unauthorised	30.8	31.3	Unauthorised	34.4	33.0
Halifax Maxim					
Authorised	25.3	19.8	*Rate to be cut to 21 per cent on 16 November		
Unauthorised	34.4	34.4			

Source: Based on Abbey National Quarterly Round-Up

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	7.90%	Yly
Bristol & West BS	Balmoral A/C	0800 100117	Instant	£2,000	9.65%	Yly
Cheltenham & Gloucester BS	London Deposit	0800 272383	Instant#	£25,000	10.00%	Yly
Allied Trust Bank	3 Month Notice	071 626 0879	3 Month	£2,001	8.84%	Yly
Cheshire BS	Premium 100	0800 245 275	100 Day	£50,000	10.50*	Yly
Stroud & Swindon BS	High Rate Bond	0453 757001	1 Year	£2,000	10.00‡	Yly
Chelsea BS	Premier V	0800 272505	31.1.95	£10,000	10.75◆	Yly
TESSAs (Tax Free)						
Julian Hodge Bank		0222 220800	5 Year	£20	11.00%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	10.58%	Yly
St Pancras BS		071 794 2331	5 Year	£10	10.00%	Yly
Dudley BS		0384 231414	5 Year	£10	10.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
UDT	Capital Plus	0734 580411	Instant	£1,000	7.25%	Qly
Caledonian Bank	HICA	031 556 8235	Instant	£1	7.50%	Yly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	8.60%	Yly
				£25,000	9.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	7.75%	Yly
Yorkshire Guernsey	Key 90	0481 719898	90 Day	£10,000	8.40%	Yly
Yorkshire Guernsey	Key Extra	0481 719898	180 Day	£25,000	9.40%	Yly
Bristol & West Intl Ltd	Intl Premier	0481 720609	6 Mths☆	£5,000	9.05%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Yly
Liberty Life FN		081 440 8210	3 Year	£30,000	5.40%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	6.20%	Yly
Reliance Mutual FN		0892 510033	5 Year	£25,000	6.75%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	7.25%	Yly
	Income Bonds		3 Month	£2,000	8.00%	Mly
	Capital Bonds F		5 Year	£100	9.00%F	OM
	First Option Bond		12 Mths	£1,000	8.67%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	39th Issue		5 Year	£100	6.75%F	OM
	6th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond D		5 Year	£25	9.10%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Access only on 7 day loss of interest, rate fixed until 1.1.93. * = Rate fixed only until 1.1.93. ‡ = Maximum investment £25,000, rate fixed only until 1.1.93. ◆ = Rate fixed only until 1.2.93. ☆ = After 6 month qualifying period. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

Wanted: watchdog with more teeth

SELF-regulation is not working, said a man this week who ought to know. The man was Mick Newmarch, chairman of Prudential Corporation, Britain's largest life insurer.

The import of his words was "Let's just scrap self-regulation and replace the system with a single statutory regulatory body, which will supervise everyone in the same business in the same way."

The casual reader of the personal finance pages of any newspaper will realise that the myriad systems of self-regulation have left gaping holes in the consumer protection safety net. From home income plans, to advisers who run off with clients' cash, to the simple and pervasive practice of urging people to buy expensive policies which they really do not need, consumers are not being protected.

Indeed, the Securities and Investments Board subtly owned up to shortcomings, in the disclosure area at least, when it said this week it would review its new rules on the topic. To this end, it appointed as a consultant Tim Miller, former marketing director at M&G, the unit trust company, who has been a fierce critic of life insurance industry sales practices.

Earlier this year, Miller resigned from the board of Lautro, the self-regulatory body for the life insurance and unit trust industry, over its proposed disclosure regime. He felt it did not require companies to offer prospective customers accurate projections of what their own charges were likely to be over a policy's life.

Any recommendations from Miller are likely to include a requirement that projections of "own charges" be disclosed, instead of allowing each company to simply project the industry average – a meaningless number to anyone shopping for insurance.

That the SIB has decided to review its disclosure regime at all is an admission that it does not expect the new rules to pass muster with the Office of Fair Trading.

The OFT had ruled two years ago that insurance companies tell prospective customers so little about their products and their costs that competition between companies is actually inhibited.

Consumers are not being protected

The OFT is expected to announce shortly that the latest disclosure regime also falls short of the mark in certain respects.

But how will Newmarch's alternative strategy offer consumers more protection?

First, Newmarch argues that all companies in the same business should be regulated in the same manner and hints that even bank and building society deposit accounts – savings products like most life policies – should be subject to the same tough disclosure rules as life insurers.

He also sets out some proposals for a new investor compensation scheme. The current scheme's finances have been badly strained by large numbers of claims and its solvency is currently dependent upon the willingness of life insurance companies to contribute disproportionately to it.

Under Newmarch's plan, the investor compensation scheme would ideally have no fixed ceiling on the amount which could be claimed by any individual. The cost of claims would be met by spreading the losses among those companies selling the same or similar products.

Meanwhile, compensation payments should be readily calculated and paid out soon after the event – meeting a common complaint from those who have made claims on the scheme.

But perhaps the most startling words from Newmarch were those in which he acknowledged the legitimacy of the rising tide of consumer complaints about life industry sales practices.

He urged the industry to open talks directly with the OFT about a disclosure regime which could bear its imprimatur, thus putting an end to headlines such as "The Life Insurance Racket".

For consumers, an OFT-blessed disclosure regime would allow prospective customers to know how much commission sales agents will receive, how much will be deducted from premiums to cover the seller's costs and exactly what the effects of early surrender would be.

And that has to be good news for consumers.

Norma Cohen

FINANCE AND THE FAMILY

Slowly sliding out the welcome mat

John Authers reviews responses to the US election result

THE American people have spoken. What do British fund managers have to say about it?

In spite of his two-year tenure in Oxford, Bill Clinton is unlikely to have the interests of the UK's savers high in his list of priorities. But many managers believe his arrival could usher in strong performance for UK investors in US markets.

Much of this has to do with the dollar. In the last two months, the dollar has appreciated against sterling by roughly 25 per cent – meaning that fund managers who failed to make their fund grow at all in dollar terms can still show their British investors a healthy profit.

Although the dollar has risen sharply, there are still two fundamental reasons to expect continued US currency strength. Economists expect purchasing power parity to be an important determinant of exchange rates. On this basis, the pound still seems to be too strong against the dollar at current rates, giving room for dollar appreciation.

Then there is the "interest rate differential". If interest rates in one country rise while those in other countries stay constant, then, all other things being equal, the country's currency will strengthen. With US base rates currently thought to be at their lowest point, and cuts in European base rates likely next year, the dollar should appreciate. Confidence in the US should also improve now that political uncertainty has been resolved.

One implication of a continued strong dollar could be a boost for the investment trust sector. Peter Walls, investment trust analyst with Credit Lyonnais Laing, points out that as most investment trusts are heavy dollar earners, the sector tends to outperform during periods of dollar strength. The trend over the last 10 years is marked with peaks of investment trust outperformance almost exactly correlating with peaks for the dollar – so there could be an opportunity here for British investors.

Another reason for optimism about the US is that many believe the economy turned the corner under President Bush. Chris Jenkins, manager of the Hill Samuel US Smaller Companies unit trust, pointed to the recovery in economic growth and low inflation and said: "It's ironic that Bush has lost just as we are getting a turn."

The drastic restructuring of many American companies has already fed through into higher productivity, which analysts believe will mean good corporate profits next year. That should be good for equity prices.

Clinton: a boost for greens

But many fund managers still think that Clinton in the White House will make a real and positive change. Susan Wood, manager of Mercury's American unit trust, put it this way: "What we think is so optimistic about Clinton is that it's the first time in many years you have got a co-operative Congress. His policies will be pro-growth and we are greatly enthusiastic about the plans for infrastructure and capital spending."

She also pointed out that Clinton will try to restore the politico-economic cycle, so that the economy reaches a peak in 1996 when the next presidential election is due. He should therefore be able to resist any temptation to go for a quick "rush for growth" this year.

Other managers are less optimistic, although none are as negative as might be expected when a Democrat comes to power. Martin Brooke, manager of Cannon North American is nervous but says: "I hope Clinton isn't going to do us too much damage. I suspect there will good opportunities in the US market regardless."

Which sectors could benefit the most? Many managers are positive about infrastructure and capital goods, both of which should benefit directly from Clinton.

Vice-president-elect Albert Gore's enthusiasm for environmental issues has created great interest in "green" stocks. John Haynes, manager of the Fleming North American IT, said: "The environmental stocks should be boosted by Clinton's victory. They've had a tough time for the last few years, as the Bush administration has been very unco-operative."

Other fund managers are less confident about the timing. James Findlay, of Foreign & Colonial, thinks that the pre-poll "bounce" in environmental share prices may have been overdone.

He said: "We are playing more of a wait and see game and concentrating on companies where the fundamentals are already good."

Sectors likely to do badly include oil stocks, although Brooke points out that poor crude prices may already be depressing the sector. Defence stocks are also likely to be hit by Clinton's plan to benefit further from the "peace dividend".

The Clinton approach to the health issue could damage many drugs companies – Wood names it as the most obvious sector to do badly under the new administration. But the fast-growing health services sector, which provides administration for hospitals, could be even more in demand as new reforms are introduced.

Fund managers may be optimistic about the prospects for US shares, but private investors should remember that equity investment is for the long term. You should only invest if you can afford to maintain your holding at least until President Clinton faces re-election in 1996.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Blystad‡	5.4	2	4½	7.50	Abbot Hldgs
Cahill May Rob.	95	84	52	£24.39	AAH Hldgs
Continuous Stat.‡	40*	38	34	6.80	Prontaprint
RHM	260*§§	257¼	251½	790.0	Tomkins
TVS Entertainment	25	27	18¾†	15.50	Int Family Ent
Do. Pref.	45	47	38†	22.50	Int Family Ent

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 6/11/92. §§Shares & cash alternative. † Price at suspension

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc British Foods	Sept	297,000	(332,000)	43.7	(49.0)	14.0	(13.0)
Bellway	Jul	13,000	(9,300)	18.1	(13.8)	11.5	(11.0)
British Assets Tst	Sept	21,600	(21,900)	4.02	(4.11)	4.19	(4.04)
China & Eastern	Jul‡	464	(247)	0.023	(0.014)	0.01	(-)
Control Securities	Mar●	192,400 L	(4,100 L)	-	(-)	-	(-)
Cooper (Frederick)	Jul	3,400	(3,910)	2.3	(3.5)	2.0	(4.0)
Embassy Property	Mar	7,600 L	(9,490 L)	-	(-)	-	(-)
Finsbury Growth Tst	Sept	1,410	(948)	3.14	(2.79)	2.9	(2.9)
High-Point	May	3,180 L	(1,740)	-	(24.4)	1.3	(7.5)
Keystone Inv	Sept	2,900	(2,800)	15.14	(14.74)	15.0	(14.0)
Leeds Permanent	Sept	152,700	(190,200)	-	(-)	-	(-)
Leveraged Opp Tst	Sept	24	(41)	0.13	(0.45)	-	(-)
Low (Wm)	Sept	20,600	(23,600)	[illegible]	(27.9)	8.4	(8.4)
Manganese Bronze	Jul	2,450 L	(949 L)	-	(-)	1.0	(1.0)
MMT Computing	Aug	1,500	(1,260)	7.9	(8.8)	3.5	(3.2)
Scottish Metropolitan	Aug	490 L	(8,370 L)	-	(-)	1.5	(4.4)
Scottish National Tst	Sept	21,400	(21,700)	8.74	(8.85)	8.85	(8.85)
Smart (J)	Jul	3,250	(4,440)	22.1	(29.3)	8.5	(7.95)
Stainless Metalcraft	Aug	353	(256 L)	4.1	(-)	1.0	(-)
TIP Europe	Jul	7,540	(6,010)	3.9	(4.21)	1.4	(1.82)
TR Far East Inc Tst	Aug	3,800♣	(3,900♣)	4.6	(4.7)	4.5	(4.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aitken Hume	Sept	871	(2,570)	-	(0.5)
Ansbacher (Henry)	Sept♠	3,130	(8,230 L)	-	(-)
BAT Industries	Sept♠	1.03bn	(857,000)	-	(-)
Beverley Group	Jun	56	(518)	-	(0.825)
Blackland Oil	Jun	803 L	(132 L)	-	(-)
Bristol Scotts	Jun	500 L	(480 L)	-	(-)
British Petroleum	Sept	172,000§	(129,000§)	2.1♥	(-)
Burtonwood Brewery	Sept	2,020	(3,050)	0.7	(0.7)
Cambridge Group	Aug#	1,430	(2,510)	0.45	(0.45)
Charnos	Jun	1,880 L	(1,030 L)	-	(-)
Contra-Cyclical	Sept	677	(933)	2.25†	(2.25†)
EFG	Aug	29	(2,070 L)	-	(-)
Explaura Holdings	Jun	1,700 L	(1,350 L)	-	(-)
First Ireland Inv	Sept	497	(359)	-	(-)
French Connection	Jul	835 L	(4,890 L)	-	(-)
Gartmore Emerging	Sept♠	146	(329)	-	(-)
German Smaller Co's	Sept	646	(478)	-	(-)
Grand Central Inv	Jun	1,010	(884)	0.45	(0.45)
Gresham House	Jun‡	1,800 L	(2,630 L)	-	(-)
Holmes Protection	Sept♠	4,760‡	(3,730‡)	-	(-)
Hungarian Inv	Aug‡	5 L°	(-)	-	(-)
Impshire Th'breds	Jun#	118 L	(169 L)	-	(-)
Jermyn Investment	Jun	592 L	(105)	-	(-)
Jersey Phoenix Tst	Oct	-	(-)	1.25	(1.25)
Mezzanine Cap & Inc	Sept	1,170	(1,740)	5.0	(7.25)
Monarch Resources	Jun●	1,870 L	(1,880 L)	-	(-)
N of England Bld Soc	Jun	7,840	(7,370)	-	(-)
Ocean Wilsons	Jun	3,100	(4,780)	1.0§§	(0.75)
Office & Electronic	Jun	267	(14)	0.1	(0.1)
Pision Int'l	Oct	12	(299 L)	-	(-)
Powerscreen Int'l	Sept	11,200	(9,430)	1.8	(1.7)
Prime People	Jun	181 L	(121 L)	-	(-)
Reed Int'l.	Sept	94,000	(85,300)	5.5	(5.25)
Sainsbury (J)	Sept	391,000	(327,500)	2.7	(2.4)
Sindall (William)	Jun	417 L	(432)	-	(1.5)
Sotheby's	Sept♠	7,700L°‡	(5,400L°‡)	-	(-)
Tamaris	Sept	118 L	(475 L)	-	(-)
TDS Circuits	Aug	488 L	(895 L)	-	(-)
Thames Water	Sept	124,000	(118,000)	6.9	(6.4)
Tie Rack	Aug	301	(972 L)	-	(-)
Toye & Co	Jun	742 L	(373)	-	(-)
TSW-TV South West	Jun	1,470	(1,880 L)	2.0	(-)
Union Int'l	Jun	12,000	(20,500L)	-	(-)
United Energy	Jun	52 L	(91)	-	(-)
Westbury	Aug	2,560	(1,140 L)	1.75	(3.25)
Whitbread Inv	Sept	8,350	(7,540)	4.6	(4.2)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Losses attributable to shareholders. † = 2nd interim dividend. ‡ = Figures quoted in US dollars & cents. ° = Net loss. ♣ = Total revenue. ♠ = Figures for nine months. §§ = Payment gross per share. # = Figures quoted in Irish pounds & pence. ♥ = Third interim dividend. § = Replacement cost profit.

RIGHTS ISSUES

Prime People is to raise £530,000 via a 1-for-3 rights issue

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Critchley Group is to join the stock market via a placing which will raise up to £15m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bett Brothers	Wednesday	2.1	2.1	-
Bibby (J) & Sons	Wednesday	2.85	6.9	2.85
Burton Group	Thursday	2.0	1.0	1.0
Dickie (James)	Tuesday	-	-	-
Drayton Asia Tst	Thursday	-	0.7	-
Euromoney Publications	Thursday	6.5	16.0	8.0
Five Oaks Inv	Thursday	-	-	-
Jessups	Wednesday	1.5	3.0	1.5
Molyneux Estates	Thursday	-	0.6	-
Scottish Value Tst	Wednesday	0.75	0.625	0.8
VTR	Tuesday	1.2	2.2	1.2
Wardle Storeys	Monday	4.0	12.0	4.0
INTERIM DIVIDENDS				
Allied Irish Bank	Wednesday	3.6	4.65	-
Amersham Int'l	Wednesday	3.7	8.8	-
Anglian Water	Tuesday	6.3	13.0	-
Appleby Westward	Thursday	3.0	5.8	-
BAA	Monday	[illegible]	8.75	-
Bank of Ireland	Thursday	3.33	5.84	-
Betterware	Monday	0.85	[illegible]	-
BMSS	Monday	2.0	2.7	-
Boots	Thursday	4.3	8.1	-
BT	Thursday	5.7	8.7	-
Caskel	Tuesday	[illegible]	0.35	-
Chamberlin & Hill	Wednesday	1.75	4.25	-
Christie Group	Thursday	-	-	-
Cook (William)	Wednesday	5.0	5.0	-
De La Rue	Tuesday	3.5	11.5	-
Drayton English & Int'l Tst	Wednesday	0.6	0.6	-
Dunhill Holdings	Wednesday	2.75	4.95	-
Electrocomponents	Wednesday	1.9	5.1	-
FKI	Thursday	1.0	1.3	-
Fleming High Income Inv	Tuesday	1.45	1.45	1.45
General Accident	Tuesday♆	9.7	17.05	9.7
German Inv Tst	Tuesday	-	0.6	-
Hambros	Wednesday	4.2	9.6	-
Hartlepools Water	Tuesday	21.0	29.0	-
Henderson Administration	Monday	12.5	28.6	-
King & Shaxson Holdings	Wednesday	[illegible]	2.5	-
Marshalls	Tuesday	1.25	3.75	-
Merchant Retail	Tuesday	1.1	-	-
Mercury Asset Management	Tuesday	6.5	8.9	-
Norcros	Tuesday	[illegible]	3.5	-
Northumbrian Water	Thursday	6.8	13.7	-
Oxford Instruments	Tuesday	1.4	2.9	-
Portsmouth & Sunderland	Thursday	2.73	5.87	-
Prowting	Monday	1.7	3.5	-
Regalian Properties	Wednesday	1.5	-	-
Renold	Monday	-	1.0	-
Rexmore	Thursday	0.7	1.05	-
RIT Capital Partners	Wednesday	-	1.16	-
Royal Insurance	Thursday♆	11.25	-	2.0
Shell T&T	Thursday♆	8.9	12.0	9.3
600 Group	Thursday	1.0	1.5	-
Smith St Aubyn	Wednesday	-	-	-
Somic	Friday	-	1.0	-
St James's Place Capital	Wednesday	1.5	1.5	-
Staveley Industries	Thursday	2.3	5.9	-
Upton & Southern	Wednesday	-	-	-
VSEL Consortium	Tuesday	6.0	17.0	-
Waddington (John)	Thursday	3.6	4.3	-
Warburg (SG)	Tuesday	5.25	12.75	-
Wardell Roberts	Wednesday	1.27	1.94	-
Wilshaw	Friday	0.1	0.3	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ♆ = Third quarter figures.

SAVINGS and TESSA INTEREST RATES COMPARED

(per cent gross)

Institution	Savings Account	Rate on £4,800	Tessa
Abbey National	Instant Saver	6.00	8.15
Allied Trust	1 month notice	7.98	8.95
Bank of Scotland	Premier	5.60	7.12
Barclays	High Rate Deposit	4.60	7.50
Bristol & West BS	Balmoral	9.65	8.25
Chelsea BS	Instant Option	6.00	8.00
Cheltenham & Glouc	London Share	7.75	8.60
Co-Op	Ultra Save 30	6.50	8.00
First Direct	High Interest	5.86	7.88
Halifax BS	Instant Xtra Plus	5.80	8.20
Leeds	Liquid Gold	6.00	8.25
Lloyds	Instant Savings	5.00	7.60
Midland	Meridian Savings	4.89	7.75
National Counties	Instant Access	6.00	9.60
Nationwide BS	Cashbuilder	5.50	8.20
Nat West	Diamond Reserve	5.88	7.75
Royal Bank Scot	Gold Deposit	4.90	7.50
Scarborough BS	First Post	7.90	8.00
TSB	Instant	6.00	8.00
West Bromwich	Premium Shares	5.50	8.50
Woolwich	Prime Gold	5.55	8.80
Yorkshire Bank	1 month notice	5.00	8.00
Average		6.05	8.15

Source: Moneyfacts

Tessa keeps its attractions

SAVERS disappointed with the fall in base rates but who are reluctant to move their money out of banks or building societies should not forget Tax Exempt Special Savings Accounts.

A combination of relatively generous rates and tax efficiency continue to make this an attractive product in spite of the limits on the amounts that can be invested.

There is no tax to pay on interest earned in a Tessa, provided the capital is held for its full five-year term. The maximum investment in the first year is £3,000, with a limit of £1,800 each subsequent year, to a total maximum of £9,000.

When Tessas were first launched in January 1991, banks and building societies competed with each other for the custom, which represented a reliable source of funds for a stable period. The institutions despair of money that simply chases high rates and is very liquid.

The institutions are continuing to hold Tessa rates at a relatively high level. This can be gauged in two ways: the level of interest paid on Tessa in relation to base rates and in relation to savings accounts.

In January 1991, base rates were 14.5 per cent and most institutions were offering 14 per cent and above.

Base rates have fallen to 8 per cent and the table of selected banks and building societies shows that most lenders are offering returns of 8 per cent and over. In fact, the average Tessa rate of the selected banks and building societies shown is 8.14 per cent. Some institutions are paying considerably more than this, notably Allied Trust bank and Cheltenham & Gloucester, National Counties, West Bromwich and Woolwich building societies.

The rate of interest paid on most savings accounts is, however, considerably lower than base rates.

The Woolwich does not require a notice period for the transfer or termination of a Tessa, but most institutions impose a period of between one month and 90 days. The savings accounts selected for comparison in the table are therefore one-month notice accounts.

Where the bank or building society does not have a one-month account, or requires a minimum deposit in excess of £5,000, an instant access account has been selected.

The maximum contribution possible to a Tessa since its launch is £4,800.

The table shows that, in most cases, the rate offered on the Tessa is two or three percentage points higher than that on the savings accounts. The average interest rate is 6.05 per cent gross compared with 8.15 per cent gross from the institutions selected.

And many with Tessas will find after five years that the overall rate is even higher if they qualify for the bonuses offered by most institutions.

Savers who need their money before the five years is up still have access to their capital, just forgoing tax exemption on the interest. You are also allowed under the Tessa rules to withdraw interest without penalty. Of the institutions listed, only Bristol & West offers a higher rate (on its Balmoral postal account) than on its Tessa.

In taking out a Tessa, avoid banks or building societies that impose a fee for transfer or termination as this will reduce the total return should the Tessa be closed early.

Scheherazade Daneshkhu

Pension pitfalls

WHAT will your pension be worth if you die? That is the question the Life Association of Scotland is urging policyholders to consider.

A potential problem exists for those who have contributed to the old-style retirement annuity, or section 226 contracts. If a section 226 policyholder dies before retirement, his family will receive not the accumulated value of the fund, but either the return of the premiums; premiums with interest; or (in a limited number of cases) nothing at all.

The loss could be enormous. According to LAS, someone who had invested £2,000 a year in a plan for the last 21 years might have built up a fund worth £154,000. If the plan merely returned premiums, the family would get just £42,000.

There is a further potential difficulty. Many of these policies are not written in trust. As a consequence, if the policyholder's spouse dies shortly after his or her death, the family may face an inheritance tax bill on the policy's proceeds.

Section 226 contracts were replaced by the modern "personal pension plans" in July 1988 which do not have the same drawbacks. But some of the problems may also occur with section 32 policies, executive pension plans and money purchase schemes.

What can be done to solve these problems, given that the transfer charges on a pension are so high? Life Association of Scotland stresses: "It is likely that only a minority of people with this problem should switch policies in particular because of the heavy costs involved, unless they are in very poor health or have made the policy paid-up and so already incurred the costs."

LAS is issuing free Deed of Trust forms to allow policyholders to get round the potential IHT problems. Another solution is to add term assurance to cover the potential loss on death. This could be done at a relatively low cost.

But if you do have one of these policies, you should first check what the death benefit will be – and take independent financial advice.

Philip Coggan

The Week Ahead

BAA, the privatised UK airport operator, is expected to report higher first-half pre-tax profits on Monday of £200m to £220m. However, last year's £151m followed hefty provisions of £55m for property write-offs and staff cuts.

Although traffic at BAA airports has recovered from the effects of the Gulf War on air travel, the economic recession in the UK and other industrialised countries has slowed the upturn.

Composite insurers General Accident and Royal Insurance, which report nine-month results on Tuesday and Thursday respectively, are expected to show improvements but still be in the red. GA is tipped to reduce losses to £20m (£133m), thanks to higher premiums and the abating of rising claims costs. Depending on claims over Hurricane Andrew, the third quarter could even be profitable. Royal should cut its losses from £214m to about £106m, though it is still being hit by mortgage indemnity losses. Water company results are skewed towards the first half. Northumbrian, the smallest of the 10 privatised bodies by market capitalisation, is expected to show a 25 per cent rise in pre-tax profit to £39m in the six months to September 30 when it reports on Tuesday. The interim dividend is forecast to go up by 9 per cent to 7.4p (6.8p).

At Anglian, the forecast profit rise is from £91.2m to £101m, with dividend growth of about 8 per cent to 6.8p.

Dunhill, the luxury goods group which reports on Wednesday, is marked down for flat to slightly lower interim pre-tax profits, compared with last year's £31m. A cushioning effect will be higher interest receivable on healthy cash balances of about £180m.

Boots, the retailing and pharmaceuticals group which has weathered the recession better than most, is likely to report resilient interim profits on Thursday. Analysts believe pre-tax profits may edge ahead to around £180m as the strength of the Boots the Chemists chain and the pharmaceuticals division again shine through. However, the businesses acquired through Ward White will probably continue to look pretty sickly.

BT is expected to show a 40 per cent fall in pre-tax profits, from £1.6bn to £990m for the half year to September 30 when it announces its results on Thursday. The main reason for the fall is exceptional charges for the sale of its interest in Mitel Corporation, the troubled Canadian telephone equipment maker, and for the voluntary retirement of 29,000 people.

Royal Dutch/Shell, the Anglo-Dutch oil group, reports its third-quarter figures on Thursday. Most analysts are forecasting a £550m to £750m profit on a replacement cost basis, compared with £523m in the same quarter last year. The results are expected to be boosted by foreign currency gains and an accounting adjustment at a subsidiary, forecast to net £50m.

FINANCE AND THE FAMILY

Planning Your Pension – Executive pension plans

Top benefits for the top people

***Debbie Harrison** on occupational schemes for senior directors*

EXECUTIVE pension plans (EPPs) are occupational schemes designed for individuals or small groups of senior executives and directors. As such they offer all the usual benefits of company pensions and can be particularly attractive tax planning vehicles.

EPPs were introduced by the Finance Act 1970 and proved particularly popular during that decade. Today EPPs face tough competition from personal pensions, which are simpler to operate although not so flexible for tax purposes.

Anyone considering an EPP should be aware of the complex tax regulations that govern these plans and be sure to get independent expert advice. The over-enthusiastic use of EPPs' tax efficiency by high earners in small companies has attracted the attention of the Inland Revenue on more than one occasion. The latest Revenue crackdown will restrict the way these plans can be used to accept extremely high contributions in years of profit to reduce the corporation tax bill.

EPPs come from the same stable as small self administered schemes (SSASs), also used by small businesses, especially family concerns. However, executive pension plan contributions are invested entirely in insurance company funds, whereas SSASs generally use external fund managers. There is also a "hybrid" SSAS which permits free investment choice once a minimum contribution has been paid into the insurance fund.

'The use of EPPs' tax efficiency by high earners in small companies has attracted the attention of the Inland Revenue on more than one occasion'

The tax benefits of an EPP include.

■ Full corporation tax relief on the employer's contribution. (Since these are occupational schemes there must be an employer's contribution.)

■ Full income tax relief on the employee's contribution.

■ The pension fund grows free of tax.

■ Death in service benefits, of up to four times salary, can be paid to the member's beneficiaries. Where the plan is written in trust this benefit falls outside the scope of Inheritance Tax (IHT). Some older plans were not written in trust. If you have one of these you should ask your provider to put this right to avoid a potential future IHT bill.

■ Part – and in certain circumstances all – of the fund can be taken as tax free cash. This is because the tax-free cash is calculated as a proportion of the final salary and not as a proportion of the fund accumulated at retirement.

■ Spouse and dependants' benefits are automatically provided.

■ The pension, which can be taken between age 60 and 70, is taxed as income.

Although the pension is linked to final salary, contributions under an EPP are invested on a money purchase basis and grow in an investment fund earmarked for the individual employee.

Under most money purchase plans the employee and employer contributions are limited to a certain percentage of annual salary. However, under an EPP, while the employee is restricted to a contribution of 15 per cent of salary, there is virtually no restriction on employer contributions. This is because the level of contribution is based on the projected final salary and the Revenue permits employers to vary contributions according to annual profit. For this reason it is still possible to justify employer contributions of over 100 per cent of salary for a member in his or her early 20s.

In the past directors have taken advantage of this anomaly and channelled huge chunks of company profits into their plans to avoid higher rates of corporation tax. This was particularly popular in the 1970s when corporation tax for small businesses was 42 per cent, compared with the current rate of 25 per cent.

Moreover, due to a loophole in the Social Security Act 1973 young employees could leave service and take the whole of their pension benefits with them even though it was effectively overfunded in relation to the period of service.

Earlier this year, the Revenue announced measures to restrict these excessive contributions. The new rules, to be announced over the next few weeks and expected to take effect from the end of 1992, are likely to cut maximum contributions to about 25 per cent of salary in the early years.

The maximum pension of two-thirds final salary for new members joining on or after March 17 1987 can be calculated on one of two bases:

■ Salary in any one of the five years preceding retirement; or

■ The average salary over three or more consecutive years ending not earlier than ten years before retirement. (Only this definition can be used for controlling directors and those earning over £100,000 per annum).

EPPs can be used to contract out of the state earnings related pension scheme (Serps) but providers usually recommend that an appropriate personal pension is used for this purpose, leaving the EPP to provide benefits on top of the state pension.

A maximum two-thirds final salary pension can be achieved after 20 years service, although those who joined before March 17 1987 can secure this after just ten years. A further set of rules applies to plans established between March 1987 and March 1989, which restrict maximum salary for pension purposes to £100,000 with a maximum tax free cash limit of £150,000.

To complicate things even further, some employees will be caught by the "earnings cap", which was introduced in the 1989 Budget to reduce the contributions and pensions of high earners. The cap imposes a maximum salary of £75,000 for the current tax year that can be taken into account for pension purposes. This limits maximum employee contributions to £11,250 and the maximum pension to £50,000. The cap affects employees who joined a new occupational scheme set up after March 14 1989 and new members who joined an existing scheme after June 1 1989.

Many providers offer a loan facility for EPP clients, although if you want to use the pension fund for business finance it is worth considering a SSAS. Under an SSAS it is possible to arrange a loanback of up to 25 per cent of the pension fund in the first two years, after which a 50 per cent limit applies. The most popular use of a loanback is the purchase of business property.

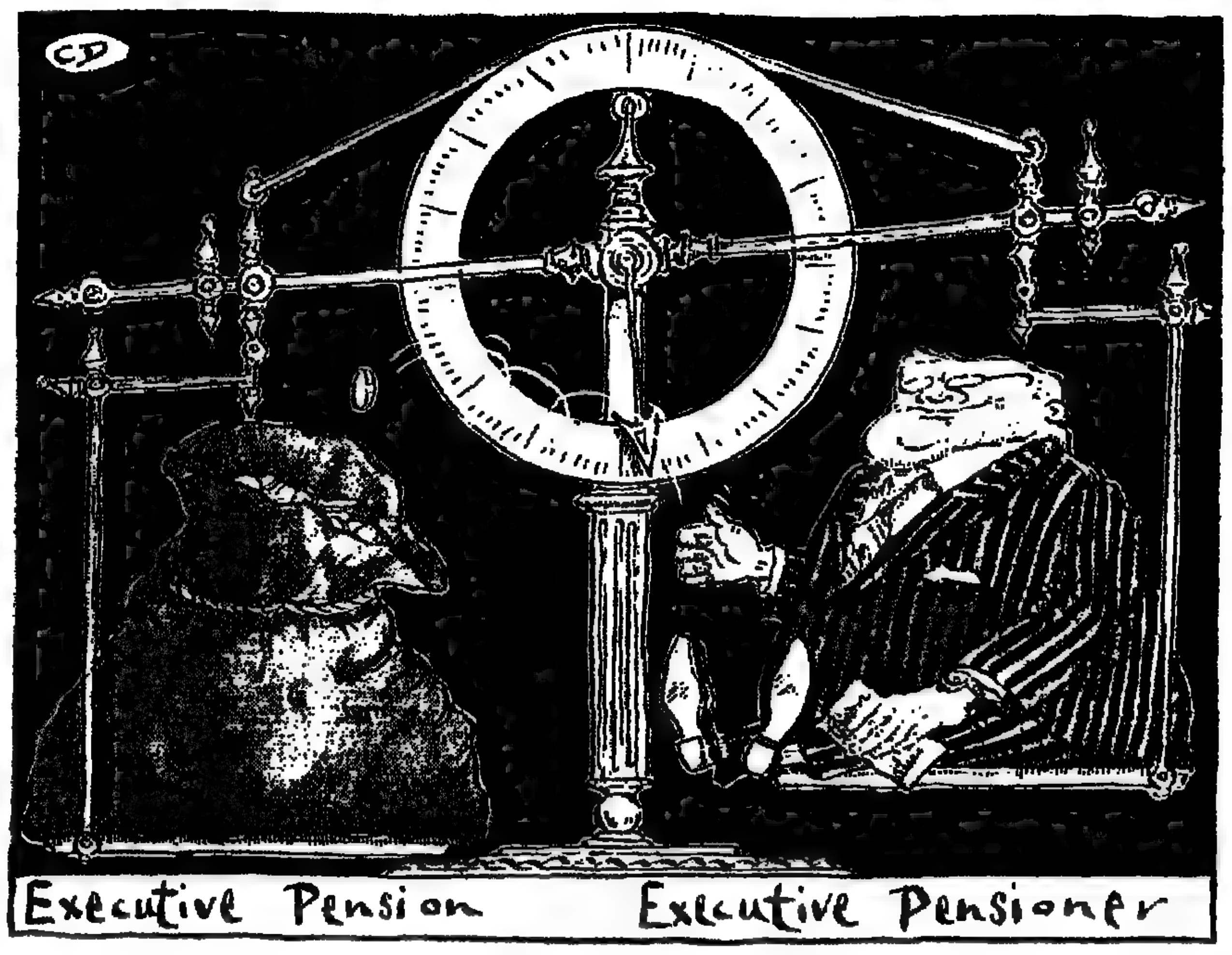
Since the majority of EPPs are run by insurance companies the investment choice is similar to that of personal pensions and free standing additional voluntary contributions (FSAVCs) discussed earlier in this series. The main choices are deposit, with-profits, unitised with profits and unit linked.

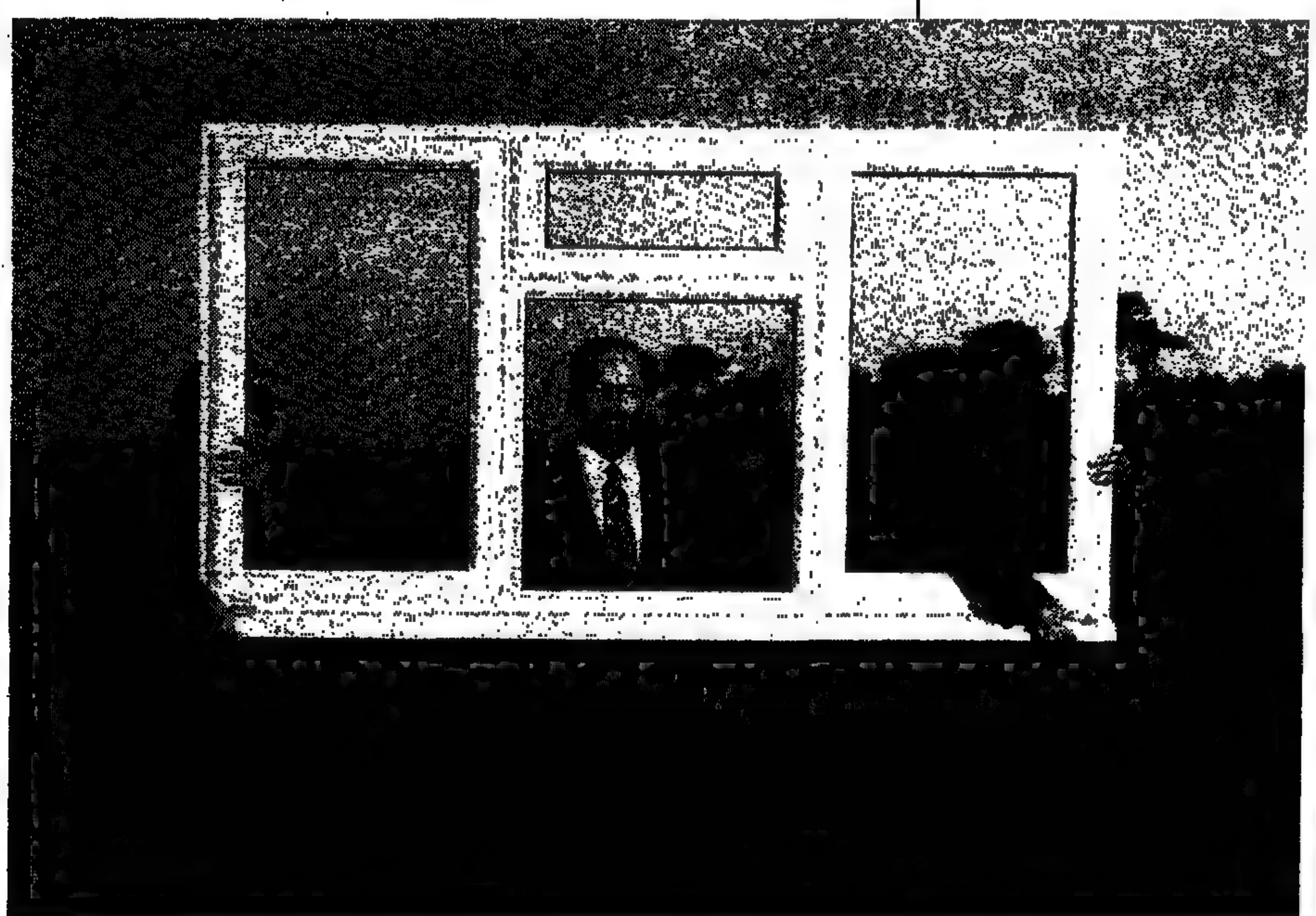
Deposit-based contracts are run like a building society account with the added bonus of tax relief on contributions and the fund. This option is suitable for the few years before retirement. With-profits contracts guarantee to pay a sum at maturity. Annual bonuses are added to the sum assured; once allocated they cannot be taken away. On top of this there is a final bonus which is discretionary and depends on the fund's performance. The with profits fund invests in a mixture of equities, bonds and property and aims to smooth bonus payments over the term.

Unitised with-profits contracts operate an investment structure similar to the with-profits plan but on a unitised basis so that switching between funds is easier. Finally, under unit-linked contract the value of the units reflects directly the investment performance of the underlying fund and as such can be more volatile and therefore more suitable for the early years of a contract. According to the FT's handbook *Executive and Directors' Pensions 1993**, published last week, there are more than 100 EPPs from which to choose. The book offers some useful tips on picking a plan.

In particular, it warns that if you retire earlier than the date selected at the outset you may face a hefty penalty. However, if you select an early retirement date, check what proportion of your contributions is lost in management charges, since some providers deduct proportionately more on shorter term contracts.

**Available from FT Marketing Department, 071-799-2002. Price £45.*





Ripples of uncertainty disturb annuity market

***John Authers** looks at a controversy over the best way for pensioners to handle a potentially costly investment decision*

CONTROVERSY has hit the normally tranquil market for annuities, the products which convert capital into income for the elderly.

The problems can be traced back to Black Wednesday, September 16, when sterling left the European exchange rate mechanism. The initial *assumption of* gilt traders was that inflation was likely to increase over the long-term. Prices of long term gilts fell (because their repayment values would be eaten away by *inflation), and the redemption* yields of such gilts rose.

Annuities are almost totally dependent on the yields from medium and long-term gilts, so some impact on annuity rates *seemed inevitable.*

But more than a month later, movements in rates, where they have occurred, have been downwards. Why is this?

In spite of an effective devaluation, demand for gilts, usually strong in a recession, has been pushed up by the uncertainty of recent weeks, and by the cuts in short term interest rates. Long gilt prices reversed their original post-Black Wednesday decline, and yields have accordingly dropped.

This trend has started to translate into lower annuity rates in the last week, with cuts in rates from competitive companies such as Pearl and Equitable Life. Canada Life and Generali, which also specialise in annuities, shaved their rates last week.

The chart, provided by Sage Annuities, demonstrates the trend. Sage expects the trend in annuity rates to continue downwards for the coming months.

But others disagree about the long-term. There are two schools of thought.

Some believe the initial post-devaluation fears of rising inflation will return. Long gilt *yields and thus annuity rates* will rise. Others expect further base rate cuts, designed to boost the sluggish economy, will cause gilt yields (and annuity rates) to fall.

Brian Hurl, of Norex Pensions, says: "Annuity rates may edge down slightly in the short term. But comparing now with 12 months' time, I think we could see a slight rise."

In the light of all this confusion, what should those contemplating buying an annuity do? Remember that annuities come in two basic forms:

■ **Compulsory Purchase Annuities** – which are purchased with the proceeds of a pension fund when you retire. By law, the bulk of the fund built up in a personal pension plan must be used to buy such an annuity. *Because they are regarded* as your main source of income, the tax position for these annuities is less favourable than for:

■ **Voluntary Annuities** – which can, in general terms, be *bought with any capital not* directly derived from a pension fund. The rule here is usually to wait as long as possible until buying, because the older you are, the higher the annuity rate you will receive.

In both cases, you will receive a fixed income until you die. If you die early, then the life office will keep the capital *(unless you have arranged* some form of guarantee, which will cost money), while if you live a long time, the office will be obliged to keep paying you the money. So you are effectively taking a punt on how long you will live.

You are also taking a view on the rate of inflation for the rest of your life. It is possible *to buy annuities which are* linked to the retail prices index, or which escalate at 5 per cent per annum, but they will offer a lower starting level of income. According to Norex, Standard Life have left level and escalating annuities untouched since Black Wednesday, but RPI-linked annuities have been cut four times – a move which speaks volumes about what actuaries expect to happen to inflation.

The orthodox view is that you should wait as long as possible before buying pension annuities so that your fund increases, and your extra age means a greater annuity. But if annuity rates are set to fall further, it might be best to lock in to current yields. So an early retirement might be tempting.

Savers should think carefully before taking this step – particularly if they have a with-profits pension policy with penalties for early surrender, as this could damage the *value of their retirement fund.* *A misjudgement in timing of a* few months can make a big difference to the income you receive for the rest of your retirement.

The vogue, inspired by uncertainty surrounding the gilts market, is for "staggered vesting." This takes advantage of the fact that you do not have to take all your pension at once. Instead, once you have reached retirement age, you can take a portion of your fund and buy an annuity with it (along with taking some tax-free cash), while leaving the rest of the fund to carrying on accumulating.

Several advisers, such as Towry Law, accountants BDO Binder Hamlyn, and stockbrokers Albert E Sharp offer plans for "staggered vesting". Mark Bolland of Chamberlain De Broe says it is a "sensible way to hedge your bets", and suggests that it should be retained as an option even when markets are less uncertain.

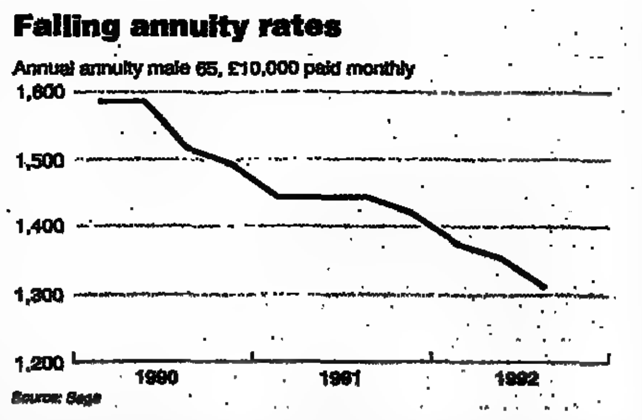
However, Billy Burrows, of Sage Annuities, says quotations usually assume that annuity rates are constant, when in practice they will rise or fall according to market conditions. If annuity rates fall the advantages of staggering could be wiped out, he warns.

He says: "Rather like currency mortgages, they look good on paper, but the trick is with ongoing advice and management of annuities. If the timing is wrong the client will lose out."

But this does not mean you should rush to retire early.

The possibility of higher returns next year means that you should not bring forward your retirement drastically just to try to catch annuity rates while they remain high.

Staggered vesting should enable you to avoid the worst of this dilemma – there is no need for the retirement annuity purchase to be a once-and-*for-all decision.*



The five-year curse is lifted

UNIT and investment trusts have finally rid themselves of the burden imposed by the October 1987 crash on their five-year performance figures.

The effect is dramatic. Over the five years to October 1, the average unit trust fell by 4.8 per cent and the average investment trust rose by a measly 0.02 per cent, according to Micropal. But during the five years to November 1, the average unit trust rose by 40.1 per cent, while the average investment trust holding grew by 37.6 per cent.

The change is good news for unit trust managers trying to *market their funds; they have* to produce five-year performance figures in their promotional literature. But even after the shift, an investor might well have done better in a *building society. Someone who* deposited £5,000 in Halifax's 90-day Xtra account would have earned, after basic rate tax, 50.5 per cent over the same period.

Performance figures may be meaningless. Few private investors will have been bold enough to buy unit or investment trusts at the start of November 1987, when the financial system seemed to be in chaos. The peak period for unit trust sales will have been in the summer of 1987 – before the crash.

It seems even less likely that many investors will have chosen the best performing unit trust over five years, Gartmore Hong Kong. In November 1987, the reputation of the Hong Kong stock exchange had been severely dented by the closure of the market in the wake of the crash.

Nevertheless, it is interesting to see which areas investors should have favoured five years ago. The tables show the best and the worst sectors over the period. The best returns were offered overseas – in the Far East, North American and Europe. The worst returns were achieved by one of 1987's fashionable sectors – UK smaller companies.

In the investment trust sector, it is encouraging to see the big general trusts showing good figures. Over five years, the average international general trust rose 79.1 per cent (mid-price basis with income reinvested). Law Debenture is top of the sector over three, five and 10 years; Foreign & Colonial, the biggest trust, is fourth (out of 18) in the sector over five years, with a gain of 103.6 per cent.

Perhaps the most startling contrast is in the venture capital sector, where £100 invested in Candover has grown into £281.30 over the last five years; the same sum invested in Sumit has shrunk to £22.37.

But how much attention should investors pay to performance figures? It is difficult to predict which fund manager will have the magic touch. That makes the arguments in favour of tracker funds, which aim to match the performance *of a given stock market index,* all the more compelling.

One final statistic adds weight to this argument. The Gartmore UK Index, which tracks the FT All-Share, has no *initial charge and a 0.5 per cent* annual fee, is third out of 86 funds over three years.

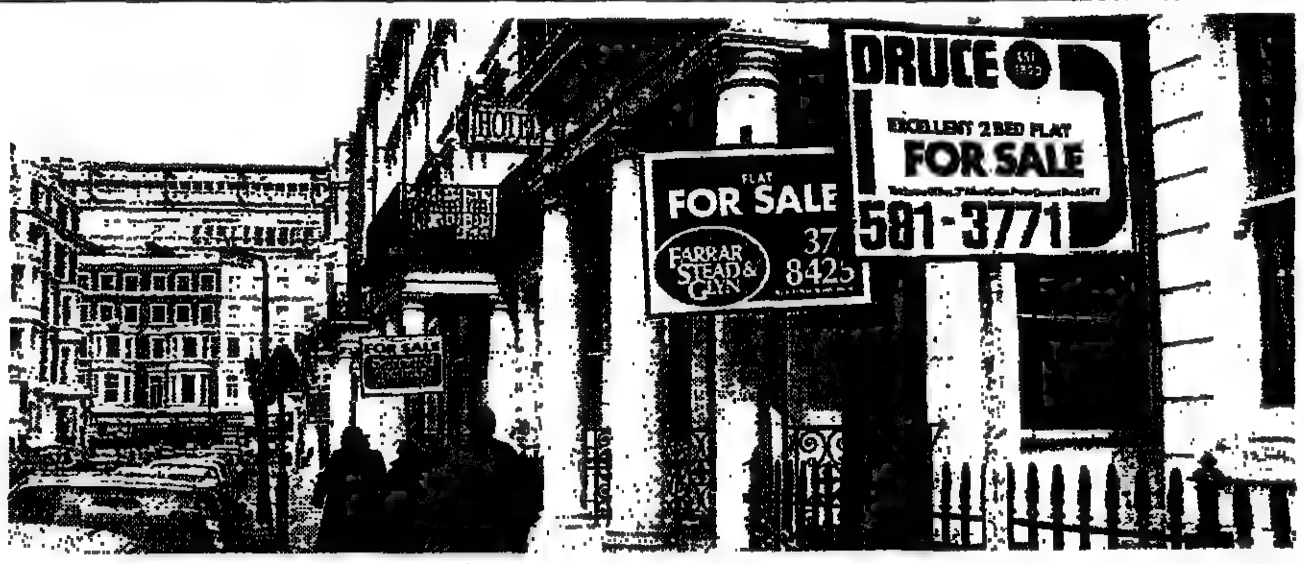
Philip Coggan

Best unit trust sectors over five years

Sector	% growth
Far East exc Jap	160.3
North America	93.3
Far East inc Jap	52.5
Europe	49.8
Int Balanced	47.5

Worst unit trust sectors over five years

Sector	% change
UK Small Cos	-17.0
Comm & Energy	-2.9
Fin & Prop	-1.1
Convertibles	0.7
Japan	4.8



Debt Street: many homeowners are trapped in negative equity

A hand for homeowners

***Scheherazade Daneshkhu** reports on a new scheme to help hard-pressed householders*

HOMEOWNERS *caught in the "negative equity" trap* have a better chance of escape after the launch of two schemes from the Woolwich, the country's *third largest building society,* this week.

Up to 1.5m people are estimated to own homes worth less than the value of their mortgage. This has combined with a shortage of buyers and an estimated 70,000 repossessed houses to deepen the inertia of the housing market.

Those with negative equity cannot afford to sell their homes because they would be left with an outstanding debt to pay their lender.

The first Woolwich scheme (Parent Line) will benefit householders whose parents have substantial equity in their own homes and are willing to use this as security for the new house their child wants to buy. John Wrigglesworth, building society analyst at UBS Phillips & Drew, called the scheme "the most innovative so far."

The scheme allows up to 60 per cent of the value of the parents' home to be used as security for the extra loan required by their child.

Interest rates on the loan would be the same as the prevailing mortgage rate. The increased mortgage payments would be borne by the child but the parents would be named as the borrowers. *This* means that should the child default the parents will be responsible for mortgage payments. Woolwich says that they will only make this scheme available to children whose income is high enough to cover their increased payments and who have a perfect record. However, parents are advised to take independent legal advice before taking on the scheme.

Woolwich says about 10 per cent of its 500,000 borrowers have negative equity but it cannot estimate what proportion may take up the scheme, since many may not need to move at all and others may not have parents able and willing to help.

Halifax, the UK's largest lender, said it did not plan to *introduce a similar scheme,* preferring instead to deal with mortgage problems on a case-by-case basis. "Each individual society is taking its own way to perk up the market," said *the society. Abbey National* also said it had no specific plans but Nationwide said it was working on a scheme similar to the Woolwich's.

"Negative equity is the bane of the housing market," said Peter Robinson, managing director of Woolwich. "The problem is too complex and individual circumstances too diverse for it to be totally solved with one scheme. What is urgently required is government intervention to jolt the market into action."

Last month, the government attempted to address the problem of negative equity with two new measures. It raised the amount which building societies are allowed to lend on an unsecured *basis from* £10,000 to £35,000. It also allowed the security of one house to be exchanged for another against the original mortgage loan, without the *loss of mortgage* interest tax relief.

The first measure is unlikely to appeal to most people. Those *who are already in debt will be* reluctant to increase their borrowings, particularly on an unsecured basis since interest rates will be higher. Building societies themselves are also *unenthusiastic about the* prospect of increasing their exposure to potential bad debt. A spokesman for Woolwich said one reason it had devised its schemes was because the idea of lending on an unsecured basis did not appeal to it.

The second scheme from the Woolwich is called the Mobility Mortgage, aimed at those who do not want to increase the size of their mortgage but want to move.

Homeowners can move house and transfer their mortgage to the new property, as long as the value of the new home is the same or less than the one being sold.

Take someone with a £100,000 loan on a house in Ashford, Kent. The borrower needs to move to Bristol but cannot afford to sell his home because it will only fetch £85,000 and he cannot pay off the £15,000 of negative equity. The Mobility Mortgage *allows* him to buy a house in Bristol for £85,000 and transfer the £100,000 loan to it with no loss of mortgage interest relief.

The Woolwich says the schemes are only available to borrowers with an "impeccable" payments record.

Directors' Transactions

BOXMORE International, the Northern Ireland-based packaging group, has enjoyed a strong share price performance over *the past two years. Indeed,* over the last 12 months, the shares have outperformed the market by 80 per cent. Robert Campbell, finance director, has sold 60,000 shares at 187p but this still leaves him with 500,000 shares.

Over the last two years, Greenalls Group has moved away from its traditional brewing base to become more involved with hotel management. The current rights issue is aimed at providing funds for the group to expand by acquiring hotels at depressed prices. The sales indicated in the table are the nil-paid shares and the *proceeds will be used towards* taking up the rights.

The share price of hotel operator Friendly Hotels has been in decline throughout the year. Henry Edwards, chairman and chief executive, bought 100,000 of the 7.5 per cent preference shares at 66p. He bought a further 50,000 preference shares and 50,000 ordinary at 94p, but both purchases were made for a non-beneficial holding.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Boxmore Intl	Pack	60,000	112	1
MacFarlane Clansman	Pack	40,000	75	1
Microvitec	Elec	100,000	25	1
Raine Industries	C&C	50,000	47	1
Greenalls Grp NP	Brew	4,082,364	1,550	2
Wood (JD)	Prop	50,000	10	1
PURCHASES				
AIM Group	EngA	230,000	281	5
Fisher (Albert)	FdRe	60,000	25	2
Lloyds Chemist	Stor	14,800	32	6
Meggitt	EngG	20,000	17	1
Porth Group	Misc	860,743	15	1
United Uniforms ADR	Text	22,000	$124	2
Premier Consolid	O&G	182,376	31	4

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 26-30 October 1992.

Source: Directus Ltd, Edinburgh

MINDING YOUR OWN BUSINESS

Philosopher who found a silver lining

David Spark on a woman who found she had a knack for working with silver

Hammering out a third career: Philippa Merriman was a lecturer, then a probation officer and is now a jeweller

PHILIPPA Merriman taught philosophy at Keele to a jeweller who had no grant to cover his studies. "I saw him all right for books," she says, "and he taught me the basics of his trade. I always reckoned I got the best of the deal."

She was not particularly interested in jewellery, but says: "I realised fairly early on that I have a feeling for silver. I moved towards things that people hold, and that led to table pieces."

She is from a family of engineers and was fascinated by the working tools available. "I learned much of what I know by reading the tool catalogues. I'd once toyed with the idea of being a dentist and dealing with the precision tools."

Now she works as a silversmith which, after philosophy and probation work, is her third career.

She was a probation officer for 16 years. "I think there's a limit to how long you can be a practising social worker," she says. "It's quite stressful and it's rapidly changing."

She has been selling her silverware since 1985 when a confident friend from New York told her she should. She marched into a store on Madison Avenue and displayed it.

"They referred me to another store. So the first collection I made was for a store on Madison Avenue. That began to convince me that silver was the right thing to do. It was not just my friends being polite."

She has a university job, sorting out placements for social-work students. But she borrowed from the bank to make silverware her main business last year when she set up a partnership with Janet Ford, also embarking on a third career after medical physics and running a victim-support scheme.

Janet is a woodworker, and both have workshops in the Merrimans' big old house on Lancaster Marsh. Philippa's husband, Dr Marcus Merriman, is a senior lecturer at Lancaster University.

The combination of silver and wood gives Philippa and Janet a market niche and also enables them to fight the recession by making items more cheaply, since wood is a cheaper material.

"When Liberty's is saying that the optimum price per item is about £30, that really makes it very difficult," says Philippa. "We make wooden bowls with silver decoration, silver serving pieces with wooden handles. We have moved into silly things like dice with silver spots. We have some wood and silver cutlery which is very popular. A number of people are prepared to fork out £450 for a place setting.

"There are one or two things that go and go: silver chopsticks with wooden knobs, tea strainers, salt dishes. What tends to happen is that people say: 'That's nice. I would like it done a bit differently'.

"It has been stimulating working with somebody else. Sitting by yourself can get tiresome."

They do not need to keep a stock of silver because they can get an order delivered within 24 hours; but they have to keep some completed work to show clients.

"We're stuck between two stools. We want to get rid of our work as quickly as possible but we need something to show people."

They have found four stores in New York that sell their products, one each in San Francisco, Los Angeles and Edinburgh, two or three in London. Philippa is making a plate for the National Silver Collection, which supplies British embassies.

Merriman reckons that they can only make goods worth about £30,000 in a year without going over to factory methods "and that is not what either of us gave up our other jobs for."

They were going on nicely until, a few months ago, one or two customers went out of business, owing them money.

"Janet has been our salvation with wood because it cuts down the cost of materials. We are able to produce things of good design and quality and individuality and within a price range that seems acceptable at the moment.

"We are hanging in, waiting for better times."

■ *Philippa Merriman, Westfield House, West Road, Lancaster LA1 5PE (0524-382323).*

Computing/**Robin J Brooker**

Pleasures of working in free form

EVERY ONCE in a while you come across a software package that has you hooked as soon as you use it. This happened to me in the space of a few days after I received a copy of *Info Select* in the post.

Info Select is a special type of database – called a free-form database. Many top-marque database programs such as dBase, Paradox and DataEase, offer excellent retrieval methods for data conforming to a particular structure. But, much of the information we gather day-to-day has no structure and it is for this type of data that a free-form database is needed.

Info Select allows you to create a file with data on all manner of different subjects. Each individual note is held within its own window. The windows are in many ways like an electronic Post-It note but with an ability to record approximately 5,000 words (to typed pages) on each note and to keep up to 64,000 of these notes together in one file or stack. The only overall restriction is the amount of memory available in your computer.

If *Info Select* only recorded notes, then it would have no significant advantage over other word-processor and notepad applications. What makes *Info Select* so useful is that it can search all those notes for particular words and present you with a subset of the windows to browse. It is not restricted to finding just one string of characters. A feature called neuron searching allows several unconnected strings to be requested. *Info Select* will find all the windows with the best fit. Perhaps you specify five words to look for and no window has all five. The neuron search will retrieve those windows with any four of the five strings suggested.

If you are the sort of person whose telephone hardly stops then, as you are talking to your contact, you can type pertinent notes of the conversation into a window. It may be an inquiry from a potential customer who, initially, just requires literature on your product. A couple of keystrokes will date-stamp the window and then you can type in his name, address and telephone number, the literature he requires and any other things of note. When he rings off you can carry on with what you were doing. Near the end of the day you ask *Info Select* to print all notes with that date and then get on with replying to all the enquiries. Two weeks later the same person phones and within seconds you can find their last inquiry. They will be impressed. You have remembered them by name and what you discussed. This type of personal service gives customers confidence in ordering from you.

There are a myriad of uses for *Info Select* in a business environment but what about in your private life. You may be a keen gardener and glean information from various newspaper and magazine horticultural features. You may have made notes on all the different plants in your garden when suddenly your roses are plagued with greenfly. All you would have to do is ask *Info Select* to get all the references relating to roses and greenfly, or aphids, and, almost instantaneously, you will be presented with the windows containing those words to browse through. It would be a subset of the complete gardening file.

Info Select may be used as a word processor. As you would expect it does not have the sophistication of *Microsoft Word* or *Wordperfect*. But, it can create everyday letters, memos and similar documents with ease and, because of its underlying database nature, it has sophisticated mail-merge features. It can also work with the more structured data of a normal database. Setting up your own data entry screens is simple. So if, as I intend to do, you wish to set up a file on articles culled from newspapers and magazines you can combine the structured nature of a bibliographic database with the free-form nature of notes.

Info Select does not need sophisticated computer equipment to run – I have used it on an Amstrad 1512. It does need a hard disk if you are to use it with any seriousness, though it can be run on a twin-floppy machine. The program operates as a TSR (Terminate Stay Resident) so if you are working on your accounts a simple keypress – the default is Alt-J – will call *Info Select*, where you find the information you require, and a second similar keypress will return you to your accounts package at the point where you left off.

The first thing I ask of a software product is: "Does it fulfil my need?" and secondly "Is it easy to use?" *Info Select* meets both these criteria in capitals.

The software comes with a good manual, an on-disk tutorial, and context sensitive help via the normal F1 key. A Windows version is available from Monday.

■ *Info Select costs £99.95 plus £24.54 for VAT, post and packaging from First Hand Software, Manor Studios, Maningford Abbots, Pewsey, Wilts, SN9 6HS tel-0672-63163 fax-0672-64801.*

A plan for pensions

A FRIEND worked part-time without contributions to an occupational pension for several years to April 1987. From 1984 to 1987 she made contributions to a personal pension, and backdated contributions to 1977. She received refunds from the Inland Revenue. The amounts varied but were always far less than the maximum permitted.

She ceased the payments to the private pension in 1987, when her employer gave her a full-time job with a pension. Recently her employer has given her the chance to contribute extra to backdated her occupational pension over some of the years for which she has already contributed to a personal pension.

Should she or her employer approach the Revenue?

As she did not use the full allowance for her personal pension can she either:
(a) make up the balance through the occupational scheme and, if so, is the limit the same as for the personal pension, or,
(b) could she refund the tax rebates received from the Revenue for her personal pension and have her occupational pension back-dated to the full extent allowed?

■ Presumably your friend is being given the option to pay additional voluntary contributions (AVC) under her present scheme. Neither your friend nor the employer need to go back to the Revenue in respect of past benefits because its rules are clear on this. Your friend can get relief from AVCs so long as the total of her ordinary scheme contributions plus AVCs does not exceed 15 per cent of her taxable earnings from the job.

However, if she pays AVCs at the maximum rate and this produces a total pension in excess of the limits then the excess would be refunded less tax when she retires. Given the substantial amount of unpensioned back service this is unlikely, but most pensions department will do a rough calculation – which must include personal pension/self-employed annuities – for a member who wishes to pay AVCs.

The CGT body blow

WHAT is the position regarding Capital Gains Tax on the sale of chattels with a predictable life exceeding 50 years, such as antiques?

■ If the sale price (before deduction of auctioneer's commission etc) does not exceed £6,000, there is no CGT to pay. If the indexed cost exceeds the proceeds, the allowable loss is calculated as though the sale price (before commission etc) had been £6,000. There are rules for sets of articles, eg the £6,000 limit would apply to a pair of candlesticks – not to each candlestick separately.

Where the sale price (before commission etc) exceeds £6,000 the chargeable gain is restricted to 166⅔ per cent of the excess of that price over £6,000, if that suits the taxpayer. This can give a high marginal rate of CGT where chattels are sold at auction.

Suppose a 40 per cent taxpayer has an antique with an indexed base cost of £5,000 and it is sold at auction, subject to commission at the rate of 11¾ per cent (inclusive of VAT). If the bidding stops at £6,000, the owner will receive £5,295 and will be exempt from CGT; but, if the bidding continues to say £6,300, so that he receives £5,559.75 from the auctioneer, there will be a CGT bill of £200 to meet (40 per cent of 166⅔ per cent of £300) on the extra £264.75 – an effective marginal rate of over 75½ per cent.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Mandatory repairs

MY AUNT owns a property, part of which is rented under a controlled rent. The rest is vacant. The council has served a repair notice on the property, and has offered a mandatory grant towards the repairs, provided she keeps the property for five years.
1) If the property is sold after five years, could she claim the cost of all the repairs against CGT, or only the net cost taking account of the grant?
2) Does it make any difference whether she pays for all the repairs herself and separately receives the grant, or whether the council and she each pay their share to the builder?
3) Can all the repair cost be deducted against income tax or only the net cost?

■ 1) On the bare facts outlined, none of the expenditure will be deducted in calculating the chargeable gain. Ask your tax office for the free introductory pamphlet to CGT - CGT14.
2) No.
3) Only the net cost. The extent to which the net cost of repairs to the vacant part will qualify for income tax relief depends upon facts you have not supplied. Relief should be available if the vacancy is merely an interval between lettings.

A house in trust

I AM the trustee for the estate of my wife's father who died in 1971. The family home, which is the sole asset, is left to be divided between the two sisters upon the death of the stepmother who has lifetime use of the property.

If the stepmother wishes to move from the house the proceeds must be shared three ways. What will the position be regarding capital gains tax if and when the house is sold.

■ As you will see from the free pamphlet CGT4 *(Owner-occupied houses)*, obtainable from tax inspectors' offices, the trust should escape CGT by virtue of section 103 of the Capital Gains Tax Act 1979:

"Sections 101 to 103 above shall apply in relation to a gain accruing to a trustee on a disposal of settled property being an asset within section 101(.1) above where during the period of ownership of the trustee the dwellinghouse or part of the dwellinghouse mentioned in that subsection has been the only or main residence of a person entitled to occupy it under the terms of the settlement, and in those sections as so applied
(a) references to the individual shall be taken as references to the trustee except in relation to the occupation of the dwellinghouse or part of the dwellinghouse, and –
(b) the notice which may be given to the Inspector under section 101(5)(a) above shall be a joint notice by the trustee and the person entitled to occupy the dwellinghouse or part of the dwellinghouse"

It is a surprising that this was not explained to you by the solicitors: the law on this point has not significantly altered since the introduction of CGT in 1965.

SPORT/MOTORING

Sponsorship/Keith Wheatley

What the big money wants

HER Majesty's Government handing out extra money is not a common sight these days. The announcement this week of an immediate start to Sportsmatch, the pound-for-pound matching of private support of grass-roots sport with public cash, took even sponsorship insiders by surprise.

"We welcome this splendid and slightly unexpected news," the Duke of Edinburgh, president of the Institute of Sports Sponsorship, responded to junior Heritage minister Robert Key at an ISS lunch.

Sportsmatch parallels a highly-successful programme in arts sponsorship. It also offers a useful sticking plaster to the small sports, and the lower levels of large sports, at a time when both structural changes and recession are hitting them hard.

"Many sports that are an exciting and important part of peoples' lives today rely for their existence on sponsorship – this is not the easiest of times," said ISS chairman Ian Muir, a senior marketing executive with Coca Cola.

Economic pressures are immense at both the top and bottom of sport at present. Barclays, the bank most damaged by the property slump, announces it will no longer sponsor the Football League. British Coal turns its back on the traditional coalfields of Rugby League. British Steel concede that it would have liked to pull out of the round the world yacht race it is backing.

At the other end of the spectrum the Sports Council reports that local authorities spending around £230m on sport in 1991-92, are projecting a figure of only £140m for 1992-3. "A large number of sports have already approached us for help and we're not sure if we can," said an SC spokesman.

Oddly enough, this is not a shrinking market. RSL, the research leaders in this area, makes the point that allowing for inflation of around 4 per cent, the real spend in UK sports sponsorship will stay at about £250m for both 1991 and 1992. What is occurring is a massive "bunching" at the top end of the market. Even disregarding its £304m Premier League deal from satellite television, rafts of money surround British soccer's top echelons. RSL reports that of £30m-worth of new deals signed in January-July 1992, £22.6m related to kit deals with three soccer clubs: Aberdeen, Rangers and Manchester United.

"These new kit deals, particularly in soccer, have now become so large, that they will now be noted separately when market figures are estimated," notes RSL drily.

An example of the inflationary pressures in this sector is the Liverpool strip. Candy paid around £300,000 last season for players to advertise its wares. Carlsberg, the new shirt-sponsor, now pays over £1m.

Golf is proving similarly recession-resistant. Prize money of £25m is likely to be on offer on next year's Volvo European Tour, an increase of around £2m on this year. In 1992 even players ranked below 50 in the Order of Merit were winning over £100,000 in prize money.

The key to this is the explosion of sport on television, particularly satellite. For the big sponsors with consumer brands the line between advertising and sponsoring is increasingly blurred. Turning a soccer player into a moving billboard is good value if millions of people watch the game.

'The economic terror of not being on television causes some odd situations'

According to motor racing correspondent Norman Howell, the key reason why Formula One is able to soak up £1 of every £3 spent in sports sponsorships – a staggering total of over £82.5m – is that it is still cheap.

"The companies simply divide what they spend by a worldwide viewing audience of billions," observed Howell. "If you have a global brand it is still cheaper than most other forms of advertising."

However, most sports do not get on television. Or if they do they do so only rarely. According to Sports Marketing Surveys, badminton, an increasingly-popular participation sport got a total of 35 minutes airtime during 1991: 0.02 per cent of all sport broadcast on terrestrial channels in the UK.

The economic terror of not being on television causes some odd situations. Today England's netball team plays New Zealand at Wembley Arena. In the netball world it is the equivalent of the Cup Final and will be broadcast live on BBC and in New Zealand.

However, the All England Netball Association could not find a sponsor for the three-match series and faces a £12,000 bill for production costs involved in broadcasting the second and third games. All second-tier sports are engaged in increasingly frenetic quadrilles to make sure that they get some portion of their activities on television. In London this week the annual conference of the International Yacht Racing Union has been far more involved with desperate attempts to modify Olympic sailing with an eye to TV, than with the more usual fare of port v starboard and pink gins.

Yet television is turning its face away from these smaller sports; professional in attitude and healthy in numbers, if not in finance. What technology now permits, and an international electronic swapshop makes possible, is to see the best, day or night, wherever in the world they are performing. But, and it is a big but, the best will be those performers in sports with a huge spectator base.

"The big well-established events in the major sports are still selling their sponsorships at or near the asking price," said John Taylor, a partner in Taylor Craigie International and the man who brought Canon into soccer. "But grass-roots sports sponsorship is an absolute nightmare. Impossible to sell."

Soccer/Peter Berlin

Confessions of an Arsenal supporter

Child's play: Liam Brady playing for Arsenal against Leeds in 1978, chased by Brian Flynn, watched by Tony Currie – Nick Hornby says he would call a son Liam

NICK HORNBY and I have a lot in common. We are nearly the same age. We both grew up in the 1960s in the middle class purlieus of London. As children we both found the idea of watching soccer incomprehensible. For both of us that changed not slowly but in a matter of minutes.

My epiphany occured one dull Sunday afternoon in 1965. I switched on the television. A team in shining white was playing a team in grey. Before I could switch off, one of the white shirts flitted half the length of the field and popped the ball past the grey goalkeeper. Then he did it again, won a penalty, scored and opened my eyes to the beauty and excitement of soccer. He was Jimmy Greaves and I was a Spurs fan.

A month later I sat on my father's shoulders in a crowd of 56,000 and watched Spurs beat Arsenal 3-2. It was my first game at White Hart Lane. I have been going ever since.

Nick was a later convert. His parents separated and his father would take him out on Saturdays. In 1968 his father offered to take Nick to the FA Cup final but he refused. That autumn he relented and saw Arsenal beat Stoke City 1-0.

In his book *Fever Pitch*, Nick writes: "I fell in love with football as I was later to fall in love with women: suddenly, inexplicably, uncritically, giving no thought to the pain or disruption it would bring."

Fever Pitch is Nick's account of his life as a soccer fan and as an Arsenal fan, which he does not believe are quite the same thing. There are chapters on the England team, an account of his student "infidelity" with Cambridge United, but Arsenal is his abiding, dominating passion. He writes entertainingly and sensibly about watching the game, about the players, about the fans, about hooliganism and about the fans' relationships with the clubs.

The book is also an autobiography: the tale of a life in which soccer has seeped into every waking moment. It is the story of his relations with his father and his struggle with depression which dominated his 20s, a period which coincided with barren, directionless years at Arsenal.

Nick is now a book and television reviewer and, with *Fever Pitch*, a successful author. He and Arsenal emerged from the dark years together in 1987 when Arsenal won the Littlewoods (now Coca Cola) Cup. He says this was not coincidental: "The symbolic value of beating Tottenham in the semi-finals and Liverpool in the final helped a great deal."

When I went to meet him I was looking forward to a chat about the game with an articulate, intelligent and – the book suggested – likeable fellow fan with whom I had so much in common.

I was wrong. He is articulate, intelligible, likeable. But as soccer fans we have little in common.

The book contained hints. My memory of my first game is of a sunny afternoon crowded happily together with friendly fans. Nick's is different: "What impressed me most was just how much most of the men around me *hated*, really *hated* being there . . . nobody seemed to enjoy, in the way I understood the word, anything that happened during the entire afternoon. Within minutes of the kick-off there was real anger . . . as the game went on anger turned into outrage and then seemed to curdle into sullen, silent discontent."

He told me that he had only once missed an Arsenal home game while in London. He went with a girlfriend to queue for tickets for the Laker Skytrain. It took longer than expected and he spent the afternoon wrestling with a desire to leave her to queue while he went to Highbury. "That would have been unforgiveable". He stayed.

"Surely you felt virtuous?"

"No."

He refers constantly to the "pathology" of his relationship with Arsenal. It is something "unhealthy". He has been in psychotherapy and is a highly-regarded writer, but he is still a season ticket-holder at Arsenal. "I don't have as much invested in football as I did but is still provides some kind of backbone."

The book has struck a chord. Nick tells of two women who have written to him. Both have successful careers but Nick does not want to reveal their identities. One told him that only her parents knew why she did not attend her grandmother's funeral: she was watching her team. Another sends a fax every Monday to George Graham, the Arsenal manager, with her thoughts on the weekend's game.

Nick says that when he looks around him on a cold, wet March evening when Arsenal are anchored in mid-table playing a purposeless match against dull opponents, he realises that everyone else has an unhealthy reason for being there.

He says the intelligent way to consume soccer, the way he consumes films, is to select the best games and see them: "Watch the big matches, stay away from the rubbish – surely the sensible way."

People mock when Wimbledon set a record low for a crowd in the top division. The wonder is that there are 3,500 people "pathological" enough to cross south London in December to watch a club with little history or glamour play in rented accommodation against Oldham Athletic. There are hundreds of thousands like them; professional soccer in Britain could not survive without their support.

Nick acknowledges his community with them, as he accepts that he has something in common with train spotters and others with socially-useless obsessions. But he also argues, as lovers do, that his relationship has unique characteristics which set it, and him, apart.

He takes pride in the fact that the loved one is not seen as beautiful by others. "We Arsenal fans know, deep down, that football at Highbury has not often been pretty, and that therefore our reputation as the most boring team in the entire history of the universe is not as mystifying as we pretend."

Nick insists that his love affair has shaped him. "I can't have watched Arsenal for 25 years without it having some effect on my character." I hope he was joking.

Arsenal also offered Nick the illusion of community. He moved to Highbury and was disappointed.

"I thought it was going to be like those sitcom depictions of suburbia, with all the identical front doors opening at the same time. In my street it would be Arsenal supporters rather than commuters who emerged . . . and they would see me and wave, and I would immediately become a much loved and valued member of a happy, working-class Arsenal community.

"But no doors opened. Nobody supports Arsenal on my street."

A fan's life is one of disappointment. Arsenal are one of England's most successful clubs, yet that translates into three championships, two FA cups, one Littlewoods Cup and one Fairs Cup in Nick's 25 years with them. Eight moments of fulfilment to set against hundreds of failures. That is why the melodramatic climax to the 1989 season, when Arsenal won the League for the first time since 1971, was "the greatest moment ever." Nick struggles to find a metaphor. Even orgasm pales by comparison: "Maybe if I hadn't made love for 18 years . . ."

Last Saturday I saw Spurs play Liverpool, cherry-picking like Nick's sensible fan. It was another sunny November afternoon. White Hart Lane was packed. After 30 minutes neither team had managed a shot on goal but I suddenly realised how much I was enjoying being there. I like watching soccer, especially Tottenham, but I envy Nick Hornby the pain and disruption his love affair has brought him.

■ *Fever Pitch by Nick Hornby, Victor Gollancz, £13.99.*

Motoring/Stuart Marshall

Ford gets it right second time

IF only Ford could have got it right first time...

The launch of the Escort two years ago was a damp squib. There had been so much hype about a £1bn investment in a new version of Ford's perennial best-seller that, having driven it, one had to ask: where did all the money go?

The body was all new but the styling was bland. The engines were the old ones carried over. Handling was soggy, performance nothing to write home about. The experts were distinctly underwhelmed.

Two years on, the Escorts and their booted counterparts, the Orions, have had a modest facelift. A number of engineering improvements, minor in themselves but cumulatively important, have been made. The twin-cam, multi-valve Zeta engine, previously used only in up-market 1.8 litre Escorts and Orions, now powers 1.6 litre models.

They have been transformed. This week, I test drove an £8,995 1.4 Escort LX – still with the single camshaft CVH engine – and it was the improved build quality that first impressed. The whole car was rock-solid. No creaks or squeaks. Excellent seats, light controls, a resilient ride and so quiet there was more noise from the tyres than from the engine.

With a modest output of 71 horsepower and fairly high gearing, it paid to use the 5-speed box freely and keep the fuel-injected engine spinning fast. On the motorway, driven as though by a commission-hungry young rep in pursuit of more orders, the 1.4 Escort was unfussed.

When I switched to a £11,550 1.6 litre multi-valve engined Orion, the performance boost was obvious yet it delivered its 90 horsepower just as quietly and smoothly. Though happy to run at high revolutions, the 1.6 Zeta engine pulled so silkily at low speeds that I could trickle through villages at less than 30 mph (48kmh) in top gear.

Power assistance (optional on the 1.4, standard on all 16-valve engined Escorts and Orions) took the effort out of parking. Steering response was satisfactory but I thought the Escorts and Orions lacked the sharp agility of the new 3-door Citroën ZX hatchbacks I had driven a few days before.

There are seven Citroën ZX 3-doors, five petrol-engined and two diesels, at prices from £8,500 for the 1.4i Reflex to £14,500 for a very fast and sporting 16v.

My pick of the bunch was the £10,750 Furio, powered by a new 1.8 litre, 103 horsepower engine. You could call the Furio a warm, not hot, hatchback. The insurance companies have smiled upon it. The Furio's group 11 insurance rating compares with a Ford XR3i's group 15, a Rover 216 GTI 16v or VW Golf GTi's group 14, even though they all have much the same performance.

So, apart from having a list price £2,000 lower than any of its rivals, a ZX Furio will also save a typical owner several hundred pounds a year in insurance premiums.

Citroën has increased its sales by 20 per cent this year to become the fastest-growing motor manufacturer in Britain. In the 3-door ZXs, especially the Furio, it clearly has another winner on its hands.

This sporty stablemate of the 5-door ZX does not have to be driven hard to show its virtues. The engine develops its maximum torque (in plain language, pulls hardest) at only 3,000 rpm. Its vigorous acceleration in fourth and fifth gears is just what is needed in everyday motoring.

I also tried the range-topping ZX 16V which really is a hot hatchback. A top speed of 137 mph/220 kmh and 0-60 mph/0-98kmh acceleration in eight seconds are claimed.

It handled with an almost nervous responsiveness and still rode well, though the suspension has been stiffened and the high-speed rated tyres are wider. Like the less potent Furio, it pulled well at modest revolutions.

With a £14,500 list price and group 15 insurance rating, it will be beyond the financial reach of many young drivers. But they should try the Furio. I can see this warm hatch becoming a cult car: a mid-1990s' counterpart of the original Golf GTI and Peugeot 205 GTi 1.9.

From page I

Winston's lesson

Unemployment will not decline unless businessmen have the incentive of plentiful credit, high hopes and . . . a slight inflation of prices but not of costs". It was in this context that Keynes developed his plan for loan-financed public works.

The forced devaluation of sterling on September 21, 1931 unlocked the British economy. Interest rates came down, facilitating a housing boom; employment recovered from the depressed levels of the world slump. But this era of floating exchange rates was accompanied by protectionism, barter agreements and restrictive trading blocks.

The end of the second world war provided the opportunity for the fresh start which had eluded the world after 1918. Keynes evolved an "ideal" plan for a currency union to reconcile the advantages of the old gold standard with sufficient national monetary autonomy to maintain full employment. There would be fixed, but adjustable, exchange rates; creditor countries would not be allowed to "hoard" their surpluses; they would be automatically available as cheap overdraft facilities for other countries at an international clearing bank. The Bretton Woods agreement of July, 1944 fell short of Keynes' hopes, being based on the different idea of an international monetary fund.

Nevertheless, Keynes was convinced that internationalism was back in business. In May 1944, he denounced the "technique of little Englandism" as inconsistent with Britain's tradition. "With our own resources so greatly impaired and encumbered, it is only if sterling is firmly placed in an international setting that the necessary confidence in it can be sustained".

Some morals of this tale are easier to draw than others. Keynes was right to argue that international currency regimes, however desirable, will break down if they become instruments of deflation. British experience under the ERM and the gold standard support this.

If we want a liberal market order to survive, it must be consciously stabilised. During the 1980s, when Western governments were recovering their monetary virtue, the banking system went haywire, spurred on by the demand for loans on the back of inflated asset prices. Keynes' belief that the stability of the international economy depends on "measures to control capital movements" deserves close scrutiny.

The lessons for Britain are less clear. The problem of getting wages into closer equilibrium with prices, after decades of inflationary expectations, is more difficult than it was in 1922 or 1931. But this must happen if there is to be a durable recovery in employment. The 1990-92 experience showed that it is a hopeless business to get wage inflation to fall faster than price inflation. But it is also difficult in a recovery to make sure that wages rise more slowly than prices, which must happen if employment is to grow. A policy on pay is inescapable.

Finally, it is more difficult to see what kind of international framework offers Britain its best hope. If the world economy continues to falter, the pressure towards economic blocs will strengthen: we can see them in embryo: the EC, NAFTA, East Asia. If this happens, Britain would be faced with a dreadful choice, since it can no longer organise an economic bloc of its own. Its best hope would lie in co-ordinated efforts to expand the world economy coupled with trade liberalisation.

It is the spirit, rather than the letter, of Keynes which applies today. Keynes understood that market systems work best when underpinned by broad agreement on aims and behaviour. This has been true of the successful 20th century economies – the US, Germany, Japan. Underlying the monetary mismanagement of the British economy has been a failure to agree on values and institutions. So Britain oscillates between inflation and unemployment, undervaluation and overvaluation. Today's challenge is to give Keynes' vision of a middle way a new form for a new age.

■ *Robert Skidelsky is professor of political economy at Warwick University and chairman of the Social Market Foundation. Part two of his life of Keynes was published yesterday*

A Great Economist, Page XX

PERSPECTIVES

A monstrous regiment fights the good fight

Women priests are knocking at the door of the Church of England. But will their prayers be answered? asks ***Alan Pike***

THE Church of England will never be the same again after next Wednesday, when its general synod votes on whether to ordain women to the priesthood.

Supporters and opponents of the move, divided on almost everything else, are at least agreed on that. The debate happens to be taking place on November 11 – Armistice Day – but no armistice will follow the result. Some people will leave the church if it ordains women priests; others will leave if it does not.

Church-going is a minority activity in modern Britain. Around 7m people are practising members of the main Christian denominations, which is low by the standards of other European nations. Only around 2m adults worship regularly in the Church of England. But interest in the national church continues to reach far beyond its active membership. The BBC, reflecting this, will broadcast next week's entire debate live on radio and the decisive, afternoon session on television – giving it parity with big parliamentary occasions and political party conferences.

Some among this wider audience of non-churchgoing viewers and listeners may question the idea of women priests in the same way as they are unhappy about female voices in choirs, hymns written since the start of this century and church architecture that does not look at least vaguely gothic. They regard the Church of England as a repository of timeless – in reality more often Victorian – values that should be preserved in familiar and unchanging form.

Next week's debate is not for them. It is about the future shape of the church rather than about preserving traditions – even 2,000-year-old ones – for tradition's sake.

For the church no other subject, with the possible exception of a decision on disestablishment, could run next week's debate close in either importance or potential for division in an institution which takes pride in its powers of comprehensiveness, co-existence and compromise.

A synod decision in favour of women priests would need to pass through parliament before becoming law, and divisions have already opened among MPs and ministers. John Gummer, the agriculture minister, might leave the Church of England if it agrees to ordain women. Virginia Bottomley, health secretary, has declared herself in favour and recently sponsored the Movement for the Ordination of Women's first meeting in the house of commons.

If next week's debate were taking place under parliamentary procedures, there would be no doubt about the outcome. A majority of synod members will vote in favour of women priests. The synod, however, votes in three houses – bishops, clergy and laity – each of which must approve the change by two-thirds majorities.

Even this demanding threshold will almost certainly be met by the bishops and clergy. If the move to ordain women is defeated, it will be because it fails on the narrowest of margins to scrape a two-thirds majority among lay members of the synod. In a related vote earlier this year, support for women priests reached only 61.4 per cent in the house of laity.

Dr George Carey, Archbishop of Canterbury, last month defended the church's "slow and cumbersome" decision-making process, saying "dictatorship of the simple majority" could cause worse tensions and problems. Campaigners for women priests will not settle for such calm rationalisation if the vote goes against them next week.

Representatives of most of the 44 dioceses have voted in favour of ordaining women and, if the move is thwarted because it just misses a two-thirds majority in one of three houses, there will be accusations that the dictatorship of the blocking minority has been at work.

The difficult implications of ordaining women have been recognised throughout years of preparation leading up to next week's vote. Some male priests would leave the Church of England – a financial compensation scheme has been devised for them – and relations with the Roman Catholic Church would come under severe strain.

It has become apparent as the final decision has neared, however, that a vote against would be just as divisive and difficult for the church to handle as one in favour.

If the vote is lost, supporters of women priests are threatening sanctions including an "ordination strike" – male deacons refusing to accept ordination to the priesthood until women deacons could become priests as well.

The Rev Philip Crowe, principal of Salisbury and Wells theological college, says he would be unable to continue in his post if the church adopted an official policy of opposing women's ordination. Other high level resignations might follow.

The bishops are under acute pressure to maintain a united front whatever the result, but some have very publicly endorsed the ordination of women. One or two might find it impossible in the new circumstances to continue ordaining men. It has even been suggested that retired bishops might be prepared to carry out unlawful but valid ordinations of women.

Dr Carey would be left in an exposed position personally by a 'no' vote. Since leapfrogging much longer-serving bishops to become Archbishop of Canterbury last year, he has maintained whole-hearted support for women priests.

There have been mutterings among a few senior colleagues that the archbishop was unwise not to take a more neutral line given the uncertainly of the outcome. But Carey – the first non-Oxbridge archbishop of Canterbury since the Middle Ages – comes not from the pages of Trollope but from an east London council estate and secondary modern school. He is not a natural exponent of the fence-sitting skills that sometimes pass for leadership in the Church of England. Supporters hope a heartfelt speech from a sincerely-convinced Carey will win over enough waverers to carry the vote.

Outside the active membership of the church, the debate over women priests – turning on such arguments as whether there are theological objections to a woman representing Christ in the celebration of Holy Communion – can appear medieval and arcane. But the church began moving towards the ordination of women before sex equality issues achieved their current political and social importance.

There have been women priests in the worldwide Anglican communion for nearly 50 years – the first, Florence Tim Oi Li, ordained in China in 1944, died this year. Since then women have been ordained in other Anglican provinces, not always in the most tranquil of circumstances.

Dr Peter Carnley, Archbishop of Perth, ordained Australia's first ten women priests earlier this year without the authority of the Australian synod and after a supreme court bid to block the ordinations had failed. "Today we ordain ten but we liberate tens of thousands," he declared in a phrase that illustrates the depth of feeling aroused by the issue.

The battle to win the argument for women priests in the mother church of Anglicanism is continuing unabated right up to Wednesday. Potential waverers among synod members are being lobbied as forcefully as Conservative backbenchers in this week's Maastricht vote; advertising campaigns have run in the religious press.

An advertisement by the Movement for the Ordination of Women features Dr Susan Cole-King, a British-born medical doctor who went to New York as senior health adviser to the United Nations children's fund in the 1980s and became a priest in the US Episcopal church.

Today she is back in Britain as minister in charge of Drayton, Oxfordshire. Dr Cole-King conducts baptisms, weddings and funerals, leads services, presides at meetings and offers individuals support and advice. She lives in a house called the vicarage and is, in the eyes of her parishioners, the vicar of Drayton – except that she cannot use the title as it is restricted to priests. Although Dr Cole-King is a priest, in England she has only the status of a deacon.

The most significant effect of this is that she is prevented from undertaking the exclusively priestly functions of celebrating Holy Communion, pronouncing absolution and the blessing. Like other women deacons in charge of parishes, she has to maintain a rota of male colleagues who are available to celebrate communion. If a car breakdown prevented one from arriving to say the Eucharistic Prayer, the service could not legally continue.

"*...who in the same night that he was betrayed, took bread and when he had given thanks, he brake it and gave it to his disciples saying, Take eat, this is my body...*" The Eucharistic Prayer: the point in the Holy Communion service at which the bread and wine is consecrated. Words that in England only a man can validly say. This is, says Dr Cole-King, the only real difference between her role and that of male priests in neighbouring parishes. But, reflecting on her work in Drayton and her previous ministry among the homeless in New York, she adds: "The Eucharistic Prayer is not what makes a priest a priest."

Her experiences in New York and Oxfordshire draw her to the conclusion that, when confronted with a women priest, most parishioners find "there really is nothing particularly special" about the experience. "The biggest problem for people in Drayton was deciding what they were going to call me, particularly as I followed someone who called himself Father John. I had no wish to be called Mother, and resolved the problem by suggesting that people called me by my name."

Women priests are knocking at the door of the Church of England. They are already ordained in the Church of Ireland. Scotland, where women ordained overseas are allowed to celebrate Holy Communion, and Wales could follow soon. England itself has women deacons – undiscernable from priests to the lay eye – running parishes.

Even the staunchest opponents recognise what this means. A 'no' vote next week might win them a few years. But there will be women priests in England before long, whatever the outcome of the debate. They will eventually become as much part of the natural, unchanging Anglican tradition as robed choirs, festivals of nine lessons and carols and all that other "timeless" ceremonial inherited from only a century ago.

As They Say In Europe

Bill Clinton's lucky number

IT IS hard to say anything new about this week's events in the US.

IF *Time* magazine can run a cover story weeks before the election which could have been titled "Clinton's road to the White House," poor old Europeans have little to add.

In Germany there is no reluctance to hammer home self-evident truths. *Welt am Sonntag* produced a fine example of what German leader writers manage when they know they have to write something, no matter what: "Most auguries say President Bush will not be confirmed in office on Tuesday. Most Americans want a change and therefore will send Arkansas governor Bill Clinton to the White House for at least four years... There are many reasons for the loss of confidence in a President who had more international and government experience for the highest US job than any of his predecessors. But the main cause of Bush's loss of popularity is the desolate economic situation."

Elsewhere the lacklustre *aperçu* demands more skilful decoration. Tuesday's headline in *Corriere della Sera* ran: "Dollar jumps with Clinton." On Thursday *La Repubblica* had Bill Clinton saying, improbably, "Ecco la mia America."

Generally each nation worried about its fate. *France-Soir* warned, "It would be a great mistake to lower our guard in the belief that a Democratic president would scarcely defend the farmers of the Middle West under the pretext that these people vote Republican."

Fortunately there is always *Komsomolskaya Pravda*. The Moscow paper proclaimed, "In recent weeks a hole appeared in the Republican vessel that had seemed unsinkable some six months ago... At that time the good-for-nothing governor of a small state could not compete with the President of a great country. But victories in the Gulf and changes in Eastern Europe raised Bush so high that he forgot a simple truth: not even success of historic proportions abroad can replace concern about one's own country."

Last week Bernard Heimrich of the *Frankfurter Allgemeine* took a London taxi to a royal investiture: "'To the Palace, please,' said the passenger. 'Buckingham?' asked the driver. 'Buckingham Palace,' confirmed the passenger simply. The driver nodded, turned the meter and made his way towards his Queen. The passenger behind waited. The driver was silent. Surely that cannot have been all?"

"Many have been racking their brains as to why London taxi drivers have stopped talking. A week ago a cabbie spent a quarter of an hour attacking the Bundesbank without drawing breath. But for two years now that sort of thing has been the exception. ...One school of thought puts it down to these new-fangled chat radio stations which remove the pressure for conversation."

Heimrich wrote that he had wished to contact the Palace so he looked in the phone book. "There stands 'Buckingham Palace' in small print, somehow thrown between 'Buckingham Butchers,' 'Buckingham Dry Cleaners and 'Buckingham, R', and even the phone number is not anything special." This raises a problem: how do you start looking up the phone number of a head of state? And what sort of number should that person have? Clinton's will be 202-456-1414 which is pretty dreary.

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

FOOD AND DRINK

Eating Out

An American foody in London

***Karen Fricker** finds the latest trends in US dining arriving with the new batch of burger joints and pizza bars*

BRITONS who think American dining begins and ends with burgers and pizza are about to have their perceptions altered. Three American-influenced restaurants have recently opened in central London, offering a more accurate impression of how Americans dine than was previously available in Britain. Another is supposed to be on the way.

The Criterion Brasserie, a co-operative venture between Bob Peyton's My Kinda Town Restaurants and Rocco Forte's hotel chain, opened in Piccadilly in September featuring American-influenced Italian cuisine.

In October, TGI Friday's, the US restaurant chain owned in the UK by Whitbread, opened its 11th British restaurant, in Coventry Street off the Haymarket. Mezzaluna, a popular New York Italian-American restaurant, opened in the renovated Neal's Centre in Covent Garden last month, the brainchild of American Neal Grossman. And sometime later this year, the much-hyped, superstar-owned Planet Hollywood is supposed to finally materialise.

These restaurants are certainly American in their ubiquity. Londoners will not able to walk down the street without seeing a new American restaurant which is what it has been like in the US for the past decade.

Dining has become America's premier participation and spectator sport and its conspicuous consumption of choice, with new restaurants opening – and lately, thanks to the recession, closing - at breakneck pace.

Many Britons consider TGI Friday's "American Bistros" the quintessential American restaurants. Since its opening in 1966, its British flagship restaurant, tucked between the Covent Garden Piazza and the Strand, has become the most popular TGI Friday's in the world, with queues stretching out of the door and youths packed into the bar on weekends. Its "new" restaurant in Coventry Street about which, of course, there is really nothing new – is just a five-minute walk away from the flagship store.

What Friday's sells is its version of the American dining experience – huge portions of burgers, ribs, salads, desserts, and frothy cocktails served up by friendly staff in a party-like atmosphere. TGI Friday's British prices are, on average, twice as high as those in the US (potato skins with bacon, cheese, and sour cream cost £6.85 in Britain, £3.54 in the US, a bacon cheeseburger £7.50 in Britain, £3.45 in the US, and mocha mud pie £4.75 in Britain, £2.05 in the US.)

This American must inform Britons, though, that TGI Friday's is not an accurate picture of US dining. It's an indication of the restaurant-trend time lag between the US and the UK. The loud and brassy chord Friday's is striking with Britons is decidedly out of tune with its current American image: serviceable, family-oriented, and outdated. Very "early '80s."

Over the past decade the sameness of chain restaurants such as Friday's has gone out of style in the US. Now, the watchwords at US restaurants are individuality and uniqueness. The force behind this trend is star chefs such as Californians Wolfgang Puck and Alice Waters whose restaurants – Puck's Spago in Los Angeles and Waters' Chez Panisse in Berkeley – put an emphasis on freshness and quality of ingredients, novelty and authenticity of preparation, and above all, the eccentric inspiration of the chef. Following star chefs has become an obsession for many Americans, and dining almost a religious experience, its disciples colloquially called "foodies."

Given American dining's past British success, it is no surprise that its latest trend has found its way to Britain. But will fully-fledged American foodyism really catch on in Britain?

In its purest form, probably not. The example of Columbus, Neal Grossman's first restaurant, is instructive. The South Kensington restaurant, opened in 1990, was Grossman's attempt to introduce Wolfgang Puck-style "California cuisine" to Britain. Criticism of Columbus, and its menu which included such items as monkfish ceviche with tequila and lime and eggplant teriyaki pizza, swung from reverential to disgusted; it never found its audience and lasted only 18 months.

Many industry experts question whether Grossman, a Harvard MBA with no training as a chef, really belonged at Columbus' culinary helm. He thinks, though, that the problem was the shock of the new: "London couldn't handle what we were doing with Columbus, but we paved the way so that the British will be more receptive to American-style dining."

With Mezzaluna, Grossman is wisely attempting a more recognisable and tame concept – the New York-style Italian trattoria, one of the biggest American restaurant trends of the late 80s which has already manifested itself in Britain at such restaurants as Joe Allen's Orso in Exeter Street, Covent Garden and The Blueprint Cafe in Butler's Wharf, east London.

True to the foody spirit, Grossman has brought over Marco Divina, the chef from the original Mezzaluna in New York, and is giving him full charge of the kitchen. There's an emphasis on lighter eating – "almost no meat, just a little bit of olive oil, and not a cream sauce in sight," says Grossman – and on reasonable prices. He expects diners to spend about £12.50 at lunch and £17.50 at dinner.

"London has cheap-and-cheerful restaurants, and really serious and pricey restaurants like the River Cafe and Lincontro, but nothing in between. This city needs affordable, good quality food in an effervescent and entertaining setting. That's what they'll get here," says Grossman.

Like Mezzaluna, Bob Peyton's Criterion Brasserie is located in central London in a recently restored historic building - Thomas Verity's 1874 neo-Byzantine Criterion Building in Piccadilly. And like Grossman's restaurant, the Criterion features US-influenced Italian cuisine, and emphasizes reasonable prices in a lively and stylish ambiance.

The strongest difference between the two restaurants is their owners' visions of them. Unlike Grossman, Peyton says he does not buy the US restaurant hype: "The star chef is dead. Foodies are boring. Foodies are people who live in America and have to 'ooh and aah' every time they see an arugula leaf. That's not what 99 per cent of the people who eat are about. That's not why I go out to eat."

In spite of Peyton's protestations, his new restaurant does have a foody air about it. Its husband-and-wife chef team, Gale Gand and Rick Tramanto, are Americans with impressive culinary pedigrees who have put items such as roast garlic squid with lemon oil, and charred beef carpaccio – if that is not a contradiction in terms – on their menu.

The Criterion certainly draws on current US dining trends and will probably go far in popularising those innovations in Britain. It is going to take some time, though. The Criterion's most popular menu item in its bumper first month of business? Steak and chips.

It's time to roll out the barrels

***Jancis Robinson** discovers the secrets of making a fortune in the wine trade*

LUNCH WAS served under a tree by the pool, the snails and duck cooked by the local two-star chef and smilingly served by his mother. In the dappled September sunlight of a good Burgundy vintage (yes, 1992) we watched two young men fulfil their pool maintenance contract and discussed the world's financial crisis.

The cold hand of stagnation and bankruptcy has certainly touched most parts of the wine business, but my hosts' very particular sector of it seems as hot as ever.

Jean and Noelle Francois report little slackening of demand for the top quality French oak barrels they sell from their three pre-eminent cooperages: Francois Frères in Burgundy, Demptos just outside Bordeaux and Demptos Napa, a joint venture in California.

Total production is more than 200 casks a day (75 in St Romain, 100 in Bordeaux, 30 in Napa) which can sell for £250 apiece. As Gérard Lebrère of the biggest cooper's Seguin Moreau, says: "The world is infatuated with new oak at the moment".

As more wine producers console themselves over slow demand with the mantra "less but better", the wooden cask has taken on a mythical significance.

At the lower end of the ladder the most obvious way a producer can jack up the price of his wine is to age it in wood, preferably oak new enough to impart a perceptible layer of "oaky" flavour, and trumpet the fact on the label.

At the top end, the increasingly high proportion of meticulously nurtured fruit in many cases demands meticulously coopered wood which not only adds more complex flavours but smooths the winemaking process. High scores and public acclaim are imperative to generate sales and top quality new French oak seems, at present anyway, to be the key.

Demand for oak casks is strong therefore from producers at the bottom who wish to climb and from those at the top who dare not slip. Only those producers with a real cash flow problem – such as Burgundy's most logjammed negociants and smaller, mid-range domaines – have sharply cut their orders this year. But producers in the New World and emerging Old World wine regions who wish to demonstrate that they too belong to the wine world elite have more than compensated.

Of the 200,000 French oak barrels made for a particularly generous vintage such as 1990 more than half are exported, with the ambitious and relatively cash-rich wineries of California taking about half of all exports. The geographical diversification of the French cooperage business, initially impelled by the 1973 oil crisis, means that it is now, thanks to southern hemisphere orders, a year-round rather than three-month activity.

Survival in the cooperage business takes considerable nerve however, as well as financial reserves, which is why many smaller coopers have foundered. While not being so long-term as the timber business (trees should be at least a century old before being hewn into wine casks), a good cooper has to bet on his likely sales in two to three years' time, buying ahead after careful selection from France's efficiently-managed forests, which cover a quarter of that sizeable *hexagone*.

Top quality oak tends to be from slow-growing trees from certain treasured areas, carefully split into staves by following the grain and then left outside for a couple of years like giant stacks of matches to yield the harshest tannins to the elements.

This relatively buoyant market is fought over by the 30 or so specialist coopers left in France, other than those well-heeled, traditional wine producers who still have their own in-house cooper. Some of the biggest are based in Cognac where barrels are all-important, but it is a sign of the relative health of the wine and brandy markets that Seguin Moreau is now a nice little earner for the Remy Martin group selling 95 per cent of its barrels to wine producers.

Taransaud uses its particularly fine stock of French oak to do the same for the Hennessy bit of the LVMH group while Vicard and Radoux are still independent. Francois Frères of Burgundy became the biggest family-run cooperage business in 1989 with its trans-hexagon acquisition of Demptos, to which Seguin Moreau has responded by setting up shop in Burgundy last November. Nadalié is the other sizeable Bordeaux cooper, but Californians Kendall-Jackson have bought a stake in a French cooper.

Coopers such as Demptos will export staves for reconstruction into casks abroad but others try to minimise such potentially expensive problems as contamination and leaks by exporting whole made-up barrels sheathed in plastic. Like most craftsmen however, with the possible exception of chefs and marblers, coopers, those who actually coop for a living, are a disappearing species. Seguin Moreau has cleverly harnessed Portuguese cooperage skills to make French staves.

Just as port and traditionally matured Portuguese wines have kept the cooper's art alive in Portugal, so sherry, rioja and a wide range of wood-matured spirits mean that there are still flourishing cooperages in Spain, Scotland, Ireland and, particularly, America where bourbon must be matured in a *new* charred American oak cask. This rule, surely formulated by some American timber merchant, can generate sales of up to 1m casks a year, many of which eventually find their way to Scotland where Scotch whisky producers are becoming increasingly worried by the possible effects of the bourbon slump on their own production costs. The future may bring new American oak casks. (Used wine casks tend to be traded down for use on increasingly lowly wines.)

The sherry producers of Andalucia play an important part in the cooperage business too, not just by breaking in oak casks specially for some of the more particular malt whisky producers, but by usefully abhorring new oak and using individual casks for up to 200 years. The sweeter, more obvious flavours of American oak have traditionally been favoured by Spanish wine and brandy producers ever since the 17th century, and this naturally less porous oak is also widely used for reds hefty enough to take it in Australia as well as California.

European oak is finer and although there is no shortage of French oak, it is expensive, representing up to half the price of a barrel today.

Many coopers, mindful of history, are looking east for cheaper oaks – particularly since there are, for the moment at least, few controls on exact wood provenance, however much Napa Valley winemakers agonise over whether to order Allier or Tronçais – names which may, in reality, be used interchangeably by France's still blessed barrel salesmen.

■ Jancis Robinson's series *Vintners' Tales* (BBC2 Mondays 8.50 pm) looks at some of the more colourful characters in the wine trade.

Shaping wines all over the globe: Jean, Noelle and Jerome François

The market's fruitiest malt

***Giles MacDonough** savours a malt whisky – in San Prospero*

FEW, foolhardy people ever visit the swollen village of San Prospero in the north Italian province of Modena. There is nothing much to see apart from a handful of jerry-built modern factories and a huge vinification plant for the local, Lambrusco wine.

One might well have imagined that the wine, or indeed grappas and liqueurs, would be quite sufficient to satisfy the largely communist workforce, but no. A careful study of drinks behind the counter in the high street bar reveals a well-thumbed bottle of the Macallan single malt standing proudly aloof from the ranks of amaros and amarettos.

The Macallan is a seven-year-old: unknown in Britain, where the range kicks off with a ten-year-old spirit.

San Prospero is unlikely to be any different from any other village in northern Italy: malt whiskies like the Macallan are all the rage, with the Italians drinking twice as much of the stuff as we do in Britain.

They also drink a lot of the Macallan seven-year-old, which is currently ranked eighth most popular – and that includes blended whiskies. The Macallan's rating is a tribute to the extraordinary skills of Armando Giovinetti of Milan. It was Giovinetti who introduced the Italians to malt when he managed Glen Grant a few years back.

He later fell out with the men at Glen Grant and since then he has been promoting the Macallan.

That Glen Grant's loss was the Macallan's gain is clear to Allan Shiach, Macallan's chairman. It was Shiach who created prestige malt when he took the courageous decision to launch a Macallan single malt in 1969. At that time the distillery was known only as a source for blending. The first ten-year-old malt was released ten years later in 1979 after a decade of heartaches. Shiach likes to compare his 1969 decision to opening a restaurant: you equip the kitchens, hire the staff, but you don't open the doors to customers for another ten, long years.

Macallan's success has vindicated Shiach's faith in his own whisky. Since that time he has launched 18- and 25-year-old malts on a regular basis and occasionally sold even older spirits for fantastic prices. The family firm has sold off half its equity: 25 per cent to Remy Martin, and 25 per cent to Suntory, but a richer, sleeker Shiach remains in control. In spite of the launch of countless superb old malts since 1979, the Macallan remains the one which captures the drinker's imagination as the *ne plus ultra*, and nothing looks like toppling it for the time being.

So what makes the Macallans so special? All malt whisky is the product of a micro-climate, spring-water, a set of stills and an ageing technique. For the Macallan, it is the latter which is all important: the Macallan has always led on its oak barrels; more particularly on reused Oloroso casks from Jerez in Spain.

The Macallan claims to be the only whisky aged exclusively in "sherry-wood". When other distilleries use 100 per cent sherry casks, it is only for a special vintage release, and not for the whole range.

Reluctance to use only sherry is not just a question of taste: sherry casks cost £250 a piece as opposed to £35 for the more prevalent Bourbon wood. Sherry wood engenders problems of its own: you must go to Spain to select the oak; then you must keep an eye on the casks to make sure the sherry companies do the right things with them. It would not do for the casks to develop the bacterial "flor" which gives the special character to fino sherries.

This was noticable in the tasting of eight different Macallans I did with Allan Shiach. First we tasted the fresh, young spirit before it had been put into cask; next came a whisky aged in a cask which had housed a dark, sweet sherry which had given the whisky a buttery, nutty character. A lighter sherry wood, possibly from a young oloroso was far less obtrusive. Next came a new Bourbon cask, immediately noticable by its up-front new Kentucky oak flavours. The fino cask whisky was peculiar, the bacterial flor from the sherry had made the Macallan taste leathery, much like an Island malt. The last three were a rich, raisiny amontillado, a nutty dry oloroso, and a sweet, buttery oloroso. An excellent demonstration of just how important is the cask to the finished product.

The sherry oak makes the Macallan the fruitiest, most raisiny malt whisky on the market. Some whisky drinkers hate the taste, which brings the spirit half way to cognac, rounding off the rough edges which make other whiskies an acquired taste.

It is hard to know which school is the purest, for some would claim that all *good* whisky was aged in old wine, sherry or even port casks in the past, and that it is only cost which deters distillers in our own day. Whatever the case, these arguments do not bother many Italians and the people of San Prospero are happily unaware that the controversy even exists.

Appetisers

Early birds start here

IF YOU feel a faint frisson at the thought of having to face the standard British turkey routine, you may like to consider celebrating Italian style this Christmas. On Wednesdays, beginning next week, in the kitchens of Books For Cooks in London's Notting Hill, Anna Del Conte and Carla Tomasi will join forces to offer an inspired double helping of the best of Italian festive cuisine. Each of the one-day cookery classes will be devoted to festive menus from a different region: Lazio (Tomasi's homeland), Milan (Del Conte's birthplace) the Veneto and Sicily. Recipes include a magnificent fritto misto, montebianco, polenta with squid, caponatina and farsumagru. For details and bookings tel: 071-278-2659.
Philippa Davenport.

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Although Italian cooking is in vogue, one of that country's most gastronomically exciting areas, Piedmont, has been sadly ignored.

Pizzicato, 34 Rupert Street, London W1 (tel: 071-734-0122) is an attempt to rectify that. The emphasis is heavily on design – elaborate spotlights, thick candles and waiters in brightly coloured waistcoats – but the food and wine list, entirely Piedmontese, is impressive too.

The food conveys the rustic feel of the area – open parsley ravioli with wild mushrooms, a pizza of wild boar sausage and pecorino, a grilled breast of chicken with gnocchi and baked rabbit with white wine, hazelnuts and rosemary potatoes. The wine list provides an excellent introduction to some of that area's unique grape varieties – Nebbiolo, Arneis and Cortese – from some of its top producers – Gaja, Pio Cesare and Ceretto. Open seven days, noon to midnight.
Nicholas Lander

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My largest post-bag came two years ago after an article on the early demise of Chez Max in Richmond, Surrey, run by Mark and Max Renzland. Since then the Renzlands have been cooking their way around London looking for a way back into the restaurant business without excessive borrowings. Their solution may epitomise the 1990s.

They have invested no more than £5,000 in fixtures and fittings for unlicensed premises which, during the day, is run as a café called Bonzos. In the evening the Renzlands step in, throw on the red-checked tablecloths, rename it Le Petit Max and start cooking the type of food that brought them so

many admirers: crab and mussel soup, confit of duck with cabbage, skate with black butter and braised oxtail with red wine and lardons.

Costs are deliberately being kept down by a short menu; a staff of three and a set price of around £14 for three courses. Bring your own wine, corkage £1. Open seven nights a week and Sunday lunch, 97a High Street, Hampton Wick, Middlesex. Tel: 081-977-0236.
NL

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The price of wines in restaurants seems to be everybody's bête noir. As a former restaurateur I find these complaints a little excessive as food and wine are the only two possible sources of profit – no restaurant makes a profit on the service or the ambience.

However, Fortnum & Mason has decided to adopt a pricing policy that should please everyone. Taking advantage of its revamped wine department, it adds, for restaurant wine lists, a straight £2 margin to the retail prices.

Bargains in its Fountain Restaurant include Ch La Lagune 1983, £25; Chianti Isole e Olena 1990, £12.75; a house white Burgundy £9.50; Puligny Montrachet Carillon 1990, £25.50 and a Dr Loosen Moselle at £6.75.
NL.

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Yes, more American food. For those who want to celebrate Bill Clinton's victory as US President with more than a tired hamburger and a glass of root beer, the Inter-Continental on London's Hyde Park Corner (071-409-3131) is promoting American cuisine, beers and wine throughout this month.

Specialities will include fish and seafood chowder, country peanut soup, southern fried chicken, carpetbagger steaks and lots more.

For Republicans drowning their sorrows, cocktails include "Bush's Booster", which consists of: one part vodka, one part almond liqueur, a dash of lemon, lime and curacao served on crushed ice with a wedge of lime.

Yuck. You can't win 'em all . . .
Jill James

FOOD AND DRINK

Grand Hotel

Romance at a city's heart

***Nicholas Lander** enjoys an anniversary at London's Savoy Hotel*

"HAVE A good trip," said the hotel's personable cashier. I did not have the wit to tell her that our return trip after a night at the Savoy would be eight stops up the Northern Line on the London Underground.

We had decided, using a wedding anniversary as the pretext, to explore London, our own city. Choosing the hotel was more difficult than forsaking the queues at Heathrow or on the motorways that a journey out of London would have necessitated.

The elegance of the Ritz, the decorum of Claridges, the sheer professionalism of the Inn on the Park or the renaiscent Dorchester? Or, perhaps, the discreetness of one of the smaller hotels, the Connaught, the Capital or Blakes? I recalled a friend who had managed to explore all of them during a week's walking tour of London by forsaking lunch and having tea in a different hotel every afternoon.

The Savoy attracted us for its history, its location and its architecture. I had, until this visit, one major reservation about the hotel and that had been the rather supercilious attitude of its staff. It seemed to me that even in the late 1980s the management had not been able to break the almost feudal system that used to be the norm in all the grand hotels and manifested itself in the older members of the staff believing, and acting, as if they owned it.

Today this attitude has changed. The recession has played its part but so too has the example set by Herbert Striessnig, the hotel's general manager. Brought in as a troubleshooter by his predecessor, Striessnig patrols the Savoy as though intent on wearing out the pile carpets.

As we checked in, the advice of a former general manager of another of London's grand hotels was ringing in my ears: "Whenever you stay in one of the world's expensive hotels get full value for your money. Send the postcards, wear the dressing gowns and find a home for all the free gifts on offer." (In the Savoy's case golden toothbrushes).

We did. We ate lunch in the Upstairs Bar looking on to the Savoy's entrance, the only street in London where you drive on the right. We took tea, not on the public terrace, but in the drawing room reserved for residents and a well-guarded secret.

There were pre-dinner drinks, a dry martini naturally, and excellent potato crisps in the American Bar, followed by dinner in the Savoy Grill and, finally, breakfast in the River Room where we were the only people reading newspapers in a room full of power-breakfasters.

The only problem was getting out of the bedroom which was stunning. We had requested a room with a view of the Thames and on the day it seemed fully worth its £60 supplement with panoramic views; east towards St Paul's Cathedral and Canary Wharf and west towards the Houses of Parliament. And the Thames looks magnificent, regardless of the colour of the water, because the hotel stands on a bend which is much more pronounced than I had realised.

The room was huge with a range of fixtures and fittings that only an hotel with a long history could offer: a clock face etched on a large mirror from the 1930s; a three-button alarm for the valet, maid or butler; and a small wall-mounted Roberts radio. The bathrooms are small, converted from balconies which, before the first world war, overlooked the Thames. Bath robes and linen sheets are of the finest quality.

To make up for this extravagance our afternoon's sightseeing cost nothing. The Savoy stands near two of London's ecclesiastical gems, the Savoy Chapel and St Mary-le-Strand. Also nearby are Victoria Embankment Gardens, which offer a green walk alongside the river and, just a brisk trot along the Strand and into Trafalgar Square, is the National Gallery. Covent Garden is just across the road.

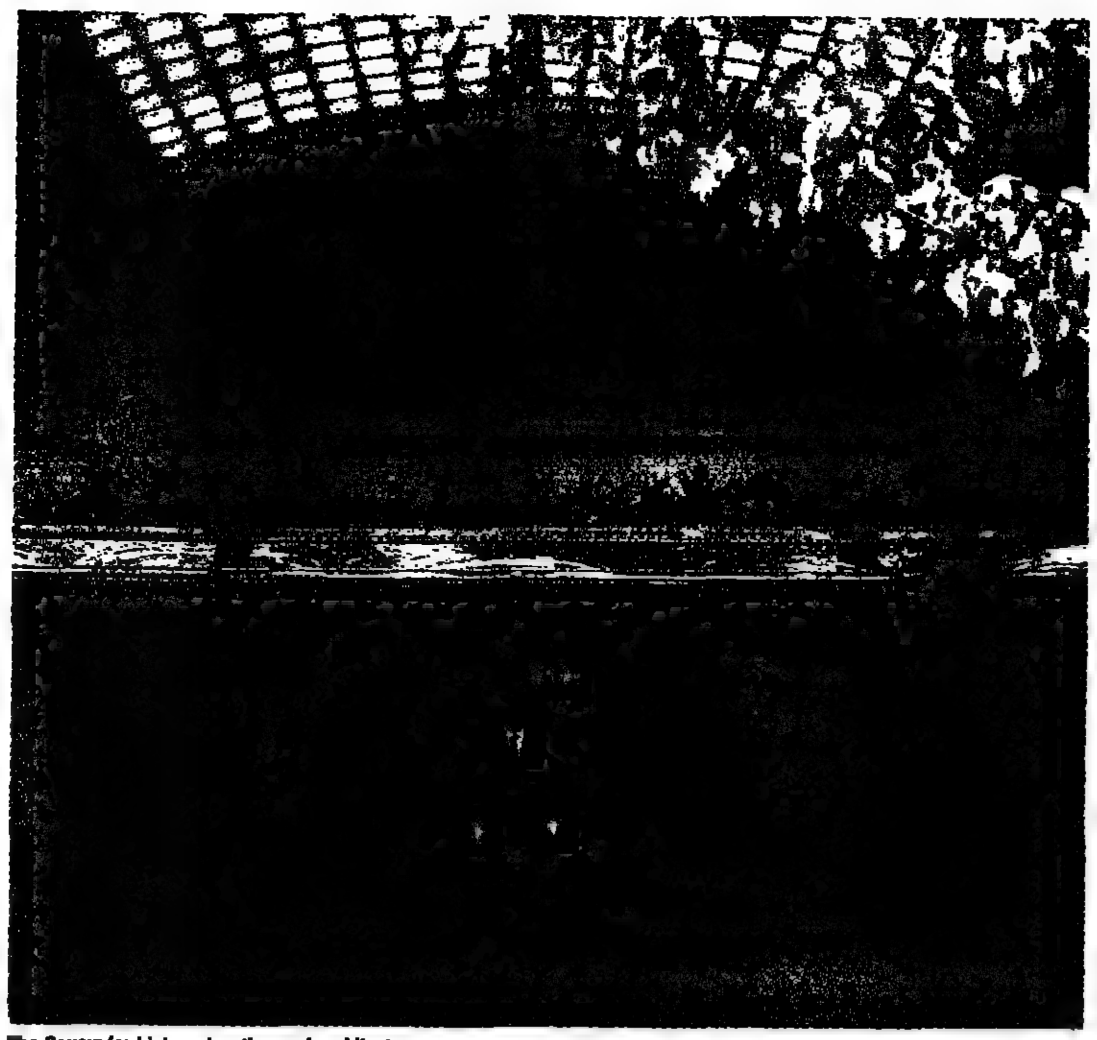
Nothing could be more pleasant than dinner in the Savoy Grill, consistently busy at lunch and dinner thanks to its proximity to the city, the theatres and the opera.

Nor was it possible to fault the phalanx of distinguished waiters, including a sommelier who remembered what we had drunk on our last visit three years ago and informed us of the temperature of the red wine we had chosen.

Criticism, however, there could be of the wine list which, in its pricing, shows the heavy hand of an accountant and offers nothing exciting by the glass (unlike the Upstairs Bar). And criticism too, for some of chef David Sharland's more adventurous dishes – in particular a salad of scallops with spiced vegetables.

But the Grill had worked its magic. And London, from our bedroom window, looked enchanting.

■ The Savoy, The Strand, London WC2R OEU. Tel: 071-836-4343, fax: 071-240-6040. Double room from £180 per night plus VAT.



The Savoy: for history, location and architecture

Cookery / **Philippa Davenport**

Run rabbit, run rabbit, run, run, run

LOOKING up from the kitchen sink I saw an octet of pheasants within potshot, scrumping under our apple and rowan trees. An hour later a ninth bird, intent on kamikazi, dive bombed my car and splattered down on to what looked more like a tarred and feathered track than a modern Macadamised road, so many corpses were there.

That was in late October.

Now that November has dawned and the guns are poised to attack, the feathered fraternity has vanished as fast as a conjurer's hat.

Which is why my recipe today is not for pheasant, as it might have been, but for rabbit – and farmed rabbit, at that.

I used to be snooty about farmed rabbit, rating it not a patch on the real thing, but the variability of the wild sort has worn down my argument. Too many knife-blunting, jaw-aching memories of jousting with long-toothed rabbits in the kitchen and at table has taught me to appreciate the delicacy and juiciness of the farmed sort.

Farmed rabbit is an asset too if you like to serve meals at an appointed hour and to synchronise the timing of dishes to go with the meat. Wild rabbit is wildly unpredictable; joints of farmed can be counted on to take just 30 minutes or so to become tender.

Poaching is my preferred cooking method, chosen for several reasons. It is light work for the cook. It produces pure, low fat food which is easily digested. And the cooking liquor forms the basis for lovely soups afterwards.

What is more, poached rabbit is not only delicious hot but also excellent cold and in rechauffé dishes, so much so that I usually cook more rabbit than I need for one meal with these "extras" in mind.

Cooking in quantity brings added bonuses: it intensifies the flavour and satiny texture of the cooking broth, and it means that half the cook's work for subsequent meals is done ahead, without any effort.

Rabbit joints not eaten at the first meal will keep in the fridge for two or three days. Delay stripping the meat from the bone and cutting it into quills until needed.

Sometimes I mix the cooked quills with sauteed mushrooms, hard-boiled eggs, ham and olives, and I bind the ingredients with a creamy light sauce and serve them under a puff pastry lid. This makes a fine rabbit pie.

Sometimes I toss the quills with orange zest and toasted pinenuts, and use them to garnish a risotto.

On other occasions I pack the rabbit meat into a terrine with chunks of gammon, a handful of fresh green herbs and some of the jellied poaching stock to make brawn.

Cold, juicily cooked rabbit meat also makes appetising salads. I particularly like to sprinkle the quills generously over a scant bed of chicory or frizzy endive leaves, add segments of orange and tiny black Nicoise olives, and serve with a blob of mustardy mayonnaise on the side.

SOUCHY OF RABBIT WITH LEEKS, POTATOES AND GARLIC

Sauce: The secret of successful poaching lies in keeping the flame very low, never allowing the liquid to come anywhere near the boil. Boiling toughens meat: if the liquid becomes violently agitated – even for a minute or so – the meat will then need hours of gentle cooking to render it tender again.

The cook must be on constant guard, ready to adjust the flame as necessary. The temperature should not drop so much that no steam rises when the lid is lifted from the pot, but it must be kept below simmering point so that only a very occasional bubble burps gently to the surface.

To cook say 10 or 12 rabbit joints (shoulder portions are my preferred cut; legs are good; saddle is the most expensive and the driest meat), first bring at least 3 pt of liquid to boiling point. Yes, I mean boiling point in this instance. Salted water with bay leaves, a few snippets of lovage or a small bunch of coriander will do well. Light chicken stock can be used, even that made with a good quality stock cube, such as Kallo.

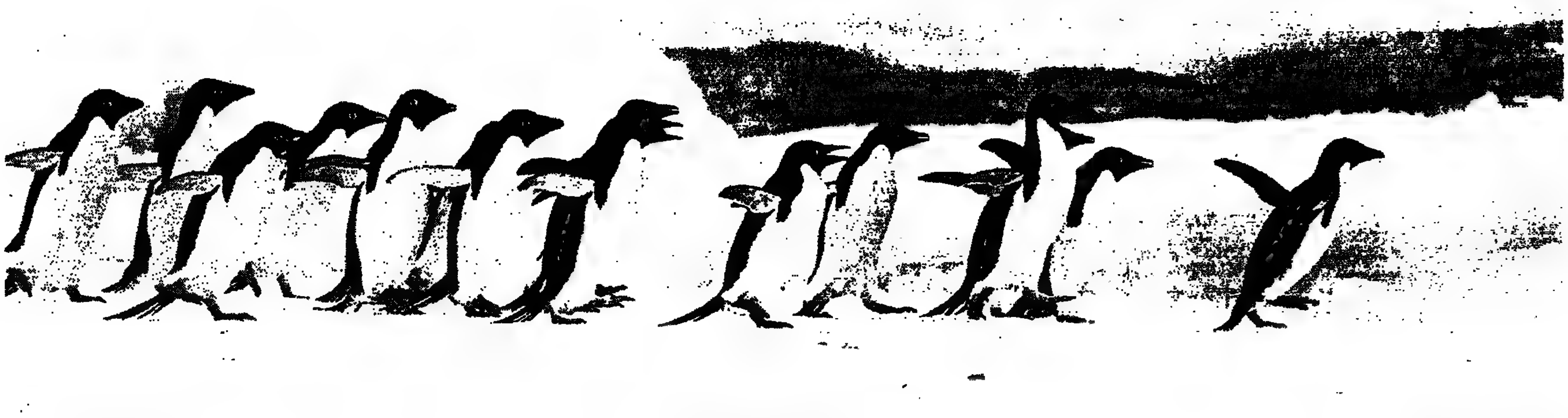
When boiling point is reached add the meat, all at once, so the bubbling ceases instantly. Cover the pot, turn the flame right down and poach as described.

After about 20 minutes add some leeks to the pot, say three for every two diners, cutting the vegetables into 2in chunks. Raise the flame slightly as their addition will cause the temperature of the liquid to plummet.

After a further 10-15 minutes poaching both meat and vegetables should be cooked to perfection. Turn off the heat and if you are not ready to eat straight away, let the ingredients stand in the covered pot to keep them succulent and hot.

When ready to serve, lift the rabbit and leeks out of the pot and arrange them on a dish with some separately steamed or boiled floury potatoes. Spoon on a few spoonfuls of the poaching liquor (fast boiled to intensify its flavour if necessary, and seasoned to taste). Scatter lavishly with fresh chopped coriander for the sake of its colour as well as its complementary taste.

Rabbit cooked this way is juicy and tender, best enjoyed by eating in one's fingers, and most delicious when partnered with a bowl of garlicky sauce: aioli, tarator or skordalia.



Hurry along. Don't you know there's a flap on? Adelie Penguins in Antarctica

Practical Traveller

The warm comfort of Antarctica

THERE WAS a time when only strong men ventured to Antarctica. Now, this vast and beautiful wilderness is far more accessible. Several companies, for example, are offering cruises on ships with ice-hardened hulls, the amenities of four-star hotels, cabins with en suite facilities, and zodiacs (small inflatable dinghies) for *shore landings. Going to* the Antarctic is still an adventure, but one that can be enjoyed in comfort.

The only time it is possible to go, when the southern oceans are free from ice, is between October and March, the Antarctic summer. From Britain, passengers fly from London to Chile or Argentina with embarkation at Montevideo, Puerto Montt, Punta Arenas or Ushuaia. Landings are made, depending on length of voyage and weather, in the Falklands, South Georgia, South Orkneys, South Shetlands, Antarctic peninsula and, on the return journey, Cape Horn and Puerto Williams in the Chilean fiords.

First in the field of passenger expedition ships was Clipper's *World Discoverer* (3,700 tons), which has taken people to the Antarctic since 1974. It is a small, comfortable, friendly ship, with the accent on giving passengers (maximum 139) a learning experience rather than a cruise – films and lectures of an evening rather than casino and cabaret.

However, it has a fitness centre, sauna, small pool, beauty salon, cinema and library. Lecturers, who act as guides on shore, include polar historians, geologists, ornithologists and marine biologists; 18- to 23-day voyages cost from £4,756 to £8,466 per person depending on accommodation and length of trip. (London tel: 071-436-2931).

Ocean Cruise Lines' (tel: 071-724-7555) *Ocean Princess* (12,200 tons) carries 460 people and provides more mass-appeal cruising. As well as a team of specialist lecturers, there is nightly dancing and cabaret, a piano bar and casino. It also has a library, gym, sauna, pool, health club and beauty salon. Prices for 20-22 days: from £2,295.

Several tour operators use both these ships but provide their own natural history guides. Birdquest (tel: 0254-826317) takes small groups (maximum 12) on *World Discoverer* and they can act independently on board and shore excursions. Price for 25 days: £6,680 London return, or £5,840 Santiago return.

Abercrombie & Kent (tel: 071-730-9600) uses *Ocean Princess* and takes groups of about 30. A&K also owns *Explorer* (2,398 tons), the smallest ice-strengthened passenger vessel in Antarctica, which carries the least number of people (96) to the largest ratio of specialist lecturers (12). In spite of its size, it has a sauna, library, gift shop and lecture hall-cinema. Prices for 16-23 days: from £4,128 to £6,297.

To visit the far side of the Antarctic, south of New Zealand, Noble Caledonia (071-491-4752) offers cruises aboard *Frontier Spirit* (5,000 tons), an exploration vessel for 130 passengers.

Sailings are from New Zealand via Terra Nova Bay, Ross Ice Shelf, McMurdo Sound and Ross Island. Prices, from £4,500 to £7,995 for a verandah suite, include return flight London-New Zealand, two nights in Auckland, two in Sydney and 22 on board.

For the longest voyage of all (31 days), Quark Expeditions' (071-490-2211) 18,000-ton Russian ice breaker, *Kapitan Khlebnikov*, sails from Cape Town to Perth stopping in the Antarctic en route. The price, from £5,955 to £8,300, includes air travel London-Cape Town-Perth-London and 22 nights on board.

■ *Information about Antarctic cruises can be obtained from Paul Mundy (071-734-4404), the cruise specialist.*

Angela Wigglesworth

St Helena – almost a lotus-isle

Mary Rose Beaumont *was much taken with the scene of Napoleon's exile*

"WHERE exactly is it?" people would ask when I said I had been to St Helena. "In the South Atlantic," I would reply. "Ah," they said knowingly, "near the Falklands."

WELL, NO, actually. It is about 4,000 miles from the Falkland Islands, bang in the middle of *the South Atlantic Ocean*, nearly 1,000 miles south of the equator, some 1,100 miles from Angola to the east and 1,800 miles from Brazil to the west.

The nearest landfall is Ascension Island, 700 miles to the north, and St Helena can only be reached by sea, two days' sail from Ascension and five days from Cape Town. Its very remoteness and inaccessibility were the principal rea*sons that it was chosen by the* British government for Napoleon's exile.

St Helena was discovered by the Portuguese admiral Juan de Nova Castella on May 21 1502, the feast-day of Saint Helena, mother of the Emperor Constantine. It continued in relative obscurity for another century-and-a-half, though it became prosperous as a port of call for ships trading with the *East.*

Situated in the south-east trade winds, it was a stopover for ships rounding the Cape of Good Hope to revictual and take on fresh water. The British laid claim to it in 1659 and the East India Company was granted a charter by Charles II to administer it, until in 1834 it was brought under the direct rule of the British crown. With the construction of the Suez *Canal and the invention of the* steam ship, St Helena's importance declined, and the island is now entirely dependent on the UK government.

The *St Helena* plies between Cardiff and Cape Town, calling at Tenerife and Ascension Island before reaching St Helena some two weeks later. Once a year she calls at Tristan da Cunha, the remotest and most sparsely populated of *all British territories. She is a* jolly little ship to travel on, carrying both passengers and cargo. She is the essential lifeline between St Helena and Britain, carrying everything from food to cars to mail.

The ship also carries much longed-for fresh fruit on her return journey from Cape Town. The passengers are divided between those who are having the trip of a lifetime, *often recently retired, those* who are taking up posts on the island, and St Helenians returning home. The *St Helena* is a very friendly ship, the affable crew, partly British, partly St Helenian, making life on board a riot of fun. There are deck games, films and bingo, as well as a quiet lounge in which to read.

Approaching from Ascension Island, excitement mounts to fever pitch among the homebound St Helenians as the dot on the horizon is gradually revealed as a cloud-capped volcanic rock rising sheer from the surrounding sea. How Napoleon's heart must have sunk when he saw those formidable cliffs and realised that this time there was to be no escape.

The port and capital of the island is Jamestown, named after King James II. The actual landing process is hazardous: after clambering down the companion way one is conveyed in a small motor boat from the ship to the slippery wharf steps where one is obliged to hang on to a rope and jump when the sailors say so. Failure to obey has been known to result in a ducking. Those unable to negotiate this obstacle are put in a large container, lowered over the side and landed like cargo.

Having negotiated the landing, and been through Customs, one walks through an archway emblazoned with the coat of arms of the East India Company into Jamestown proper. The capital (pop: 1,500) boasts just one street – Main Street – with the castle, seat of government, police station, library, courts of justice, Anglican church, museum, post office, two hotels and shops and houses prettily painted in Portofino colours.

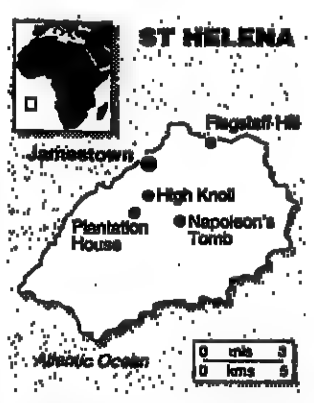
The Consulate hotel is an elegant, white-painted building with blue filigree ironwork pillars and verandahs. It is here that *le tout St Helena* assembles twice a day to drink and chat (except on Sundays, when everything closes down). The hotel was originally built about 1780, but along with the other buildings in Jamestown was ravaged by white ants which were inadvertently and disastrously introduced on to the island in the broken-up timbers from a captured Brazilian slave-ship. The hotel was rebuilt in 1863 in stone, iron and teakwood, which is unpalatable to white ants. Mangoes and avocadoes grow in the bougainvillaea-hung garden.

Out of Jamestown it is uphill all the way, whether on foot or by winding narrow roads. Jacob's Ladder is a spectacular sheer ascent, 699 concrete steps leading to the top of Ladder Hill, the shortest way to a coronary. Winding up the single track road by car is more leisurely, although expertise in reversing is required, since the rule of the road dictates that the ascending car should give way to the descending.

Progress is therefore slow, but as few people are in a hurry it does not matter. Drivers and passengers wave genially at each other. With a population of only 6,000, it is not surprising that nearly *every driver of the perhaps* 2,000 cars knows one another. (On my return to Britain, I continued to wave to other drivers, but their reaction – incredulity to outright hostility – caused me to desist).

Jamestown is the warmest and most humid part of the island. The temperature can drop sharply as one ascends into "the country." There is a turn in the road called Button-Up Corner where men on horseback supposedly buttoned up their jackets against the cool breeze. The weather can change dramatically: one moment bright sunshine, the next mist or driving rain.

St Helena, which is 10 miles long and six broad, has unsurpassed views: the sea is almost always visible, glittering in the sun or storm-tossed. The uplands alternate between bare volcanic rock and lush pastures. In the early part of this century there was a massive planting scheme of New Zealand flax, in an attempt to grow an exportable crop, but the invention of synthetic fibres put paid to that; the huge spiky flax plants are gradually being replaced by an afforestation scheme, principally of eucalyptus and conifers, to help prevent soil erosion.



The plants and animals of St Helena are plentiful, though the wind militates against all but the keenest domestic gardener. Mynah birds are everywhere, chattering and gossiping, and little ring doves peck boldly at your feet. Rarer are the brilliant red cardinals and yellow cape canaries. The wirebird, an unlovely plover-like creature which scuttles rather than flies, is an essential sighting for tourists, since it is found nowhere else but St Helena.

The supreme place of pilgrimage is the house where Napoleon was semi-incarcerated. The original document, dated May 1816, ordering his detention as a prisoner of war, may be seen in the attorney-general's archives. Napoleon lived at Longwood House in imperial state, with his retinue, but his life was a misery, constantly spied upon and discourteously treated by the governor. Finally he became seriously ill. He died in May 1821, aged 52, and was buried with full military honours.

The long melancholy walk down to the tomb is peopled by ghosts. After Napoleon's death the house was abandoned, but it has since been restored to its original state, and many artefacts have been returned or borrowed from France to fill out the historical picture. The garden, too, under the supervision of the French consul, who lives at Longwood, has been replanted, and both house and garden are open to the public.

The tourist who leaves the *ship for only a day will be con*ducted round St Helena in a 1928 Cadillac, acquiring at least a superficial overview. Those who leave the ship whilst it sails to Cape Town and back will have two weeks to enjoy the sights and get to know the friendliest people on earth. 'Saints' are a racial mixture, reflecting St Helena's trade with the East, so that there are discernible Chinese, Malaysian and Indian features, as well as Portuguese and Dutch from the early traders. There is also a dash of African blood from the slave ships which were intercepted *en route* to America. English is spoken with a purity heard only in remote country districts of Britain.

The sights for the day tripper will include Plantation House, the home of the governor. It is an elegant 18th century country house whose grounds are open to the public. The main attraction is Jonathan, a 162-year-old tortoise the size and weight of a small tank, and his satellites Myrtle, David, Emma and Fredrica, which browse on the lawn in front of the house and permit their necks to be scratched.

A more extensive tour would be required to visit the ruins of High Knoll fort, which stands on a peak overlooking the northern approach, built by the British to defend the island against invaders. Two spectacular basalt columns, quaintly named Lot and Lot's Wife, dominate the rocky volcanic landscape from almost any viewpoint.

Probably the best way to get to know the island is on foot. There are peaks to climb and cliffs to scale, as well as more gentle ascents for the less athletic. One such is Flagstaff Hill, the breathtaking view from the top being well worth the effort. From there one can see a huge hump-backed hill called The Barn on the edge of which, to the eye of faith, can be discerned the profile of Napoleon.

Two principal features of St Helena linger in the mind: the extraordinary scenery, switching from pastoral to bleak and back again in minutes; and the people, warm, friendly, dignified, courteous, honest and fiercely proud of their island and its history. Its geographical remoteness, and the difficulty of access to all but the most determined island lover, means that it is untouched by so-called progress, mercifully free from television, shopping malls and building blight. If lotuses were grown on St Helena they would form the staple diet.

■ Mary Rose Beaumont *travelled as a guest of Curnow Shipping, The Shipyard, Porthleven, Helston, Cornwall TR13 9JA. Fares to St Helena start at £446 (four-berth cabin) and rise to £1,606 for sole use of a double cabin, one way; return fares are double. A room at the Consulate Hotel with private bath or shower is £35 per person per day, including meals.*

HOW TO SPEND IT

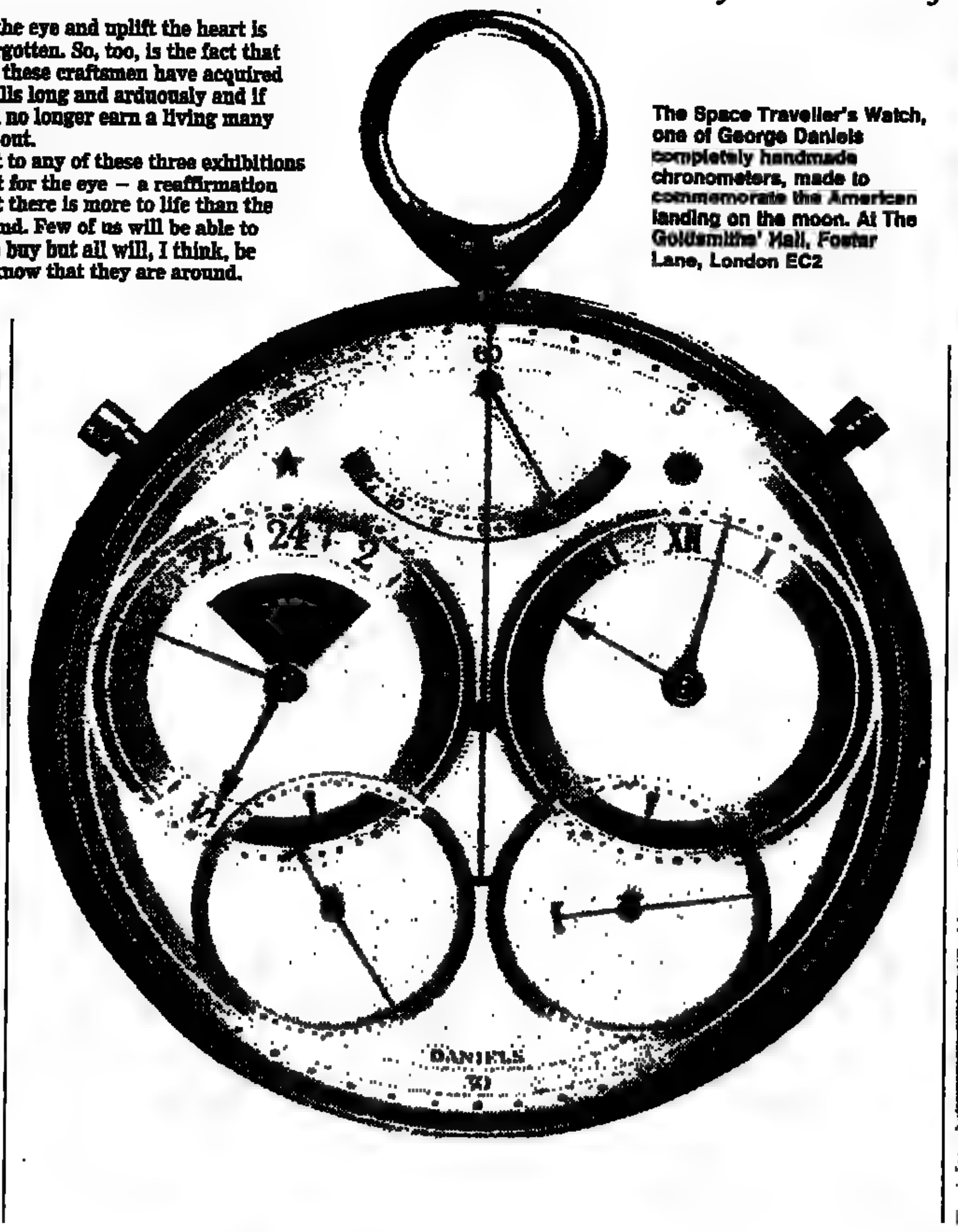
In dark times, it's time for beauty

***Lucia van der Post** reviews three exhibitions which celebrate the very best in craftsmanship*

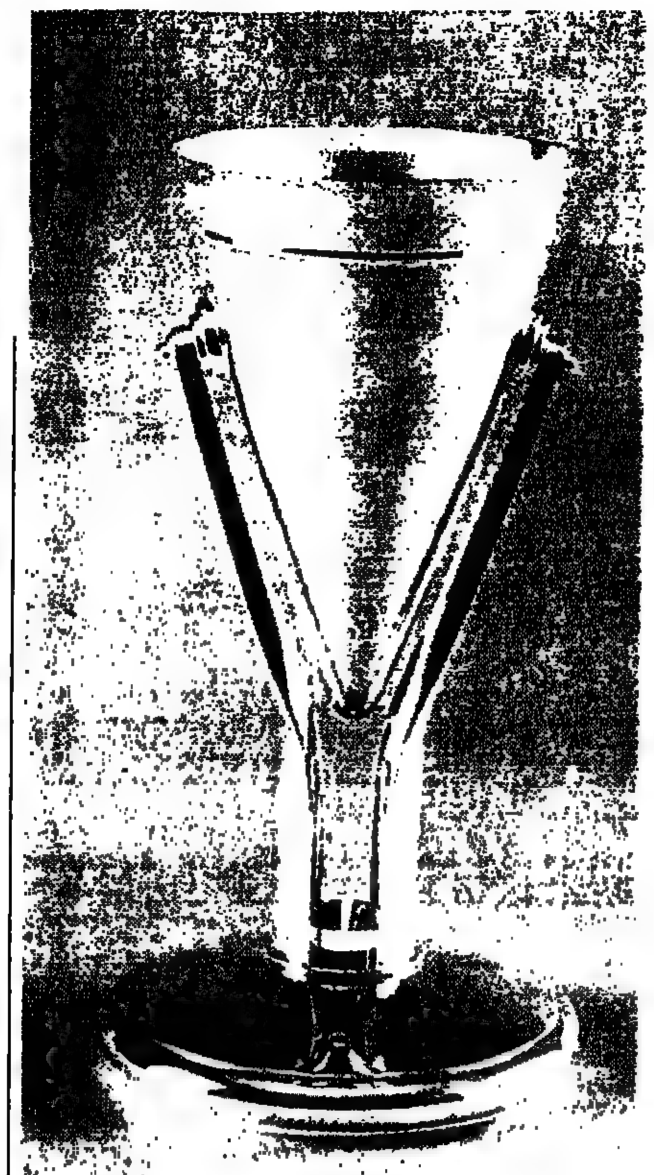
TIMES MAY be tough but beautiful things, happily, are always with us. This week three companies, Tiffany, Cobra & Bellamy and The Worshipful Company of Goldsmiths, all concerned with the nurturing of creativity, of fine design and craftsmanship, fly their flags high and put on exhibitions where price and practicality are not the guiding principles.

There is always the danger, in times like these, that those intricately involved with making one-off beautiful things may lose the heart and the spirit to do so. This recession is no exception: everywhere craftsmen are in trouble – eager for work, able to produce original innovative things but commissions are thin on the ground. Nobody, after all, in the strictly practical sense, really needs beautiful things – the fact that they nourish the soul, refresh the eye and uplift the heart is often forgotten. So, too, is the fact that many of these craftsmen have acquired their skills long and arduously and if they can no longer earn a living many may die out.

A visit to any of these three exhibitions is a treat for the eye – a reaffirmation that that there is more to life than the daily grind. Few of us will be able to afford to buy but all will, I think, be glad to know that they are around.



The Space Traveller's Watch, one of George Daniels completely handmade chronometers, made to commemorate the American landing on the moon. At The Goldsmiths' Hall, Foster Lane, London EC2



Silver and gilt goblet by Brian Asquith for Glaxo

COBRA & Bellamy (small, dark and Greek, Veronica Manussis is the Cobra and tall, blond and willowy Tania Hunter is the Bellamy) have had a long and fruitful partnership exploring the more arcane reaches of the jewellery world. Known primarily for being amongst the first to acknowledge the inherent aesthetic qualities of period costume jewellery, they then introduced Art Deco jewellery, with great panache and success, to a wider public.

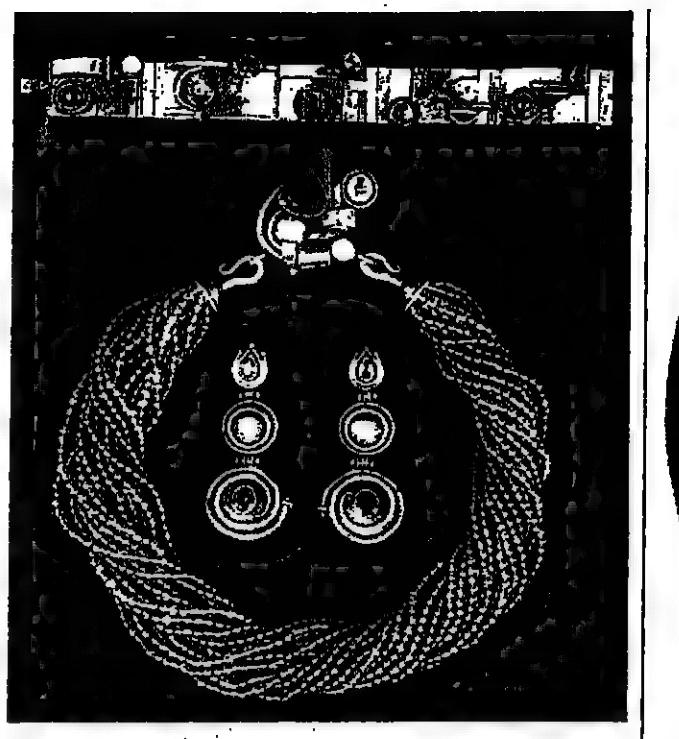
The shop the two friends started in London's Sloane Street has only been going since 1980 but its influence seems to have been out of all proportion to its size. Besides promulgating the virtues of period costume jewellery and Art Deco, Cobra & Bellamy also embarked, some seven years ago, on a richly rewarding partnership with the Italian jewellery designer Barbara Bertagnolli.

Her work is singular for uniting an uncompromising contemporary aesthetic with very fine, high quality materials and workmanship. All the pieces are hand-crafted and once seen her work is not forgotten – the strong combination of sterling silver and applied 24 carat gold with rich, colourful gemstones are the hallmark of her style. Today Cobra & Bellamy customers the world over look out for new Bertagnolli pieces to add to their growing collections.

From Thursday 12th November until Saturday 28th November a special collection of some 240 different pieces, every single one of which has been completely hand made by Barbara Bertagnolli herself, will be on view and on sale at Cobra & Bellamy's Sloane Street shop.

The jewellery this time is stronger, bolder, larger than ever before. Gemstones give the collection drama and colour – iolites, amethysts, rubies, moonstones, garnets, emerals, tourmalines, pearls, adorn rings, bracelets, necklaces and torques.

But besides the jewellery there is also a wonderfully rich and witty collection of accessories which have been adorned the Bertagnolli way – an enbonised Victorian walking cane sports four emeralds and an iolite, a black suede evening bag is embellished with pink and green tourmalines whilst a pair of silk-lined suede gloves are each given drama with a rainbow moonstone and an iolite.



A collection of Bertagnolli's distinctive jewellery for Cobra & Bellamy, 149 Sloane Street, London SW1. Round necklace made from sterling silver with applied 24 carat gold with approximately 3-carat's worth of emerald, moonstones, citrines, a blue and a green tourmaline, iolites and garnets, £5,400. The earrings are also in sterling silver and applied 24 carat gold with a citrine, a pink tourmaline and an iolite on each, £1,400. The bracelet, also in sterling silver and applied 24 carat gold, has a green tourmaline, a blue tourmaline, two iolites, a garnet and a citrine, £2,500.

Look out, too, for a series of small household pieces – magnifying glasses, clocks, bookmarks, scent bottles, mirrors, pillboxes, all have been individualised and turned into collectable objects of great beauty by Barbara Bertagnolli.

Given that all the pieces feature sterling silver, applied 24 carat gold and gemstones and that they are handmade and individual the prices cannot be cheap. A bookmark is about £180, the one-off individual jewellery starts at about £800 whilst larger pieces, like the necklace photographed here (which rejoices in approx 3 carat's worth of emerald, moonstones, citrines, a blue and a green tourmaline and iolites), is £5,400.

There is also a small collection of rings and ear-rings which are part of what Barbara Bertagnolli calls her diffusion lines which work out considerably cheaper. All are handmade but each design is repeated three or four times. Rings start at £158, earr-rings at £180.

IT IS NOT only frock-designers that have been affected by a deep bout of nostalgia – this week Tiffany takes a long and affectionate look back into its history. For those of us who think of Tiffany as a quintessentially modern store – certainly it exudes a very different air from the rest of its Bond Street neighbours – it is instructive to see such a range of beautiful pieces stretching way back into the last century.

Rosa Monckton, managing director of Tiffany & Co, London, is particularly thrilled at the arrival of the collection of historical pieces. "This is the first time we have been able to show our customer the finest jewellery from the Victorian age through to the present day. We thought our customers would like to know something of the history of the store. Though we opened as recently as 1986 in London, the roots of the business go back to 1837 when Charles Louis Tiffany opened his first store at 259 Broadway."

From the beginning Tiffany developed a tradition of working with top designers of the day and his son, Louis Comfort Tiffany, was the designer behind the still sought-after Tiffany lamps.

Through the years the company worked with people such as Edward Moore, the silversmith, with Schlumberger, the great designer of the 30s, with Claflin in the 70s. Claflin it was who developed a new and interesting setting for the single-stone diamond – whereas the tradition of the time was to use a prong setting he found a way of using a two-dimensional setting which threw a different light on the stone, a setting still used and much copied today.

The tradition continues with a close relationship between the store and the work of Paloma Picasso and Elsa Peretti, two designers whose work one could not imagine in any other Bond Street store.

Almost all the pieces on show are for sale, though just a few are museum pieces that are there simply for the role they played in the history of the company. Many of the pieces are as beautiful and as timeless as ever.

Prices, given that many of these are one-off collectors' pieces, do not seem to me unreasonable. There is a 1910 pair of platinum and diamond lorgnettes that would cost £1,000. Whilst nothing is priced in the hundreds there is quite a lot of choice at under £2,000 and nearly 40 per cent of the collection is under £5,000. There is, for instance, a most beautiful Louis Comfort Tiffany necklace, made from nephrite jade and plique-a-jour enamel with freshwater pearls; dating from 1905 it is a perfect example of jewellery from the Art Nouveau period.

But if all those prices are beyond you, and for most of us they will be, one of the great joys of Tiffany has always been that for under £100 you, too, can buy a little Tiffany style. There are sterling silver Elsa Peretti earrings for £85, the famous sterling silver T-clip Tiffany ballpoint pen is £45, trumpet shaped champagne flutes are £10 each, sterling silver dumbbell cufflinks are £25 each and a miniature heart-shaped perfumed flacon is £50.

An American woven coil bracelet, dating from 1880, in the shape of a snake. The head features a cabochon sapphire, rose-cut diamonds and ruby eyes. From the Tiffany exhibition at 25, Old Bond Street, London W1X 3AA. Until November 17

THE Goldsmiths' Hall, Foster Lane, London EC2V 6BN, hosts an exhibition that I hope every city tycoon or patron or the arts who from time to time has to commission something fine and beautiful will make a point of visiting.

The three artists whose work is featured all work in different fields. Brian Asquith is a silversmith, George Daniels is a watch maker and Elizabeth Gate a jeweller. Each of them is a master of their field.

George Daniels, for example, is said to be one of only three men in the world who can make a watch entirely by hand. From fashioning the sheet metal for the case, to the movements and the winder, every single piece is made by Daniels alone.

His watches have become world-renowned, sought-after by collectors in the know. They combine the precision skills of the engineer with the beauty of the artist. His hand-made movements are more accurate than any quartz and once regulated should need no more adjusting for at least ten years.

There is no shop where a George Daniels watch can be bought – his preferred method of working is to make a watch in his own meticulous, time-consuming way and when it is done to place an advertisement in *The Times* and sit back and wait until it is sold. Prices vary, according to the complexity of the model and the amount of time it has taken but it is, I am afraid, rather like the luxury yacht – if you need to ask the price you cannot afford it. However, we all can look, and I recommend a trip to Goldsmiths' Hall because his timepieces are a rare and exceptionally exquisite commodity.

Brian Asquith, meanwhile, has taken over the whole of the white and gold room at the Goldsmiths' Hall to show just what he can do. Here is the standard fare of corporate gift-giving, transmuted into pieces of great beauty. Here a goblet, there a candlestick, over there a chalice and right beside it an official trophy. All have personality and charm and should give many a potential patron ideas of what can be done.

For those who like Brian Asquith's work but are not in the market to commission it is worth noting that he has produced a range of more affordable domestic ware, all in sterling silver. Prices start at £75 for a napkin ring or a whisky measure, whilst salt and pepper mills would be £1,000 a pair. There are also candlesticks, mirrors and goblets. For a catalogue write to Brian Asquith Design Partnership, Turret House, Youlgrave, nr. Bakewell, Derbyshire DE4 1WL. Tel: 0629-636204.

Finally, there is the work of Elizabeth Gage, a jeweller whose prices put her pieces way beyond the reach of most of us but who nonetheless seems to have a steady clientele. Ever since she produced her first famous Byzantine-inspired rings she has drawn inspiration from history, mythology and ancient cultures for her pieces. She uses stones beautifully – sometimes combinations of tourmalines, spinels, black jade and amethysts, at other times pearls, diamonds and other precious stones.

The pieces on show at The Goldsmiths' Hall range from a stunning necklace of 18 carat gold with pearls, tourmalines and diamonds and a detachable pin to smaller, more affordable ear-rings, rings and pins. One of the hallmarks of her work is producing pieces which can be worn during the day or at night – very often by means of a detachable pin. Pieces are not for sale at the exhibition itself but Elizabeth Gage has a shop and showroom at 20, Albemarle Street, London W1 where the full range of her work can be seen.

The exhibition runs until November 20.

Nicer Irma's

WITH THE 1970s all the rage – so the message from the catwalks comes out loud and clear – it is a fine bit of timing the Nice Irma's, that dearly loved London store of the '70s hippy, looks even nicer today.

There is still a goodly sprinkling of Indian bedspreads, of quilted bags that look as if they came straight from Mysore (and nothing wrong with that either), of crewelwork cushion covers and Ikat prints, but there is also marvellously priced ticking fabric (six different colourways) at £6.70 a metre and six different plaids (currently all the rage) at £7.50 a metre.

Those who bought their '70s props from Nice Irma's will need no reminding that the shop is at 46 Goodge Street, London W1P 1FJ. Those for whom Nice Irma's is unknown have a treat in store. There is no need any longer to make it to Goodge Street, for there is now a bright, well-produced full-colour mail order catalogue which makes all its wares available to everybody, wherever they may be.

From the beds and quilts to a range of very well-priced rugs (the smallest at 24 ins by 36 ins is just £12.70, the largest at 60 ins by 90 ins is £69) everything can be ordered from home without braving the metropolis. There are all the usual Indian finds – the wrought-iron candlesticks, the painted boxes, the gilt mirrors, the wooden artefacts, all at very reasonable prices.

However, probably the best value of all are the fabrics, all of which come from India, all hand-loomed or hand-worked. The range is wide, the prices excellent and for those who quail at the prices of furnishing fabric in the designer shops it is good to know that there is somewhere to go for fabrics at well under £10 a metre. Nice Irma's also makes up cushions, blinds, curtains, bedspreads and lampshades to order, at affordable prices.

Catalogues cost £2 from Nice Irma's, 46, Goodge Street, London W1P 1FJ.

LvdP

Posing for the piste

*It doesn't matter whether you are a ski bunny or a ski bum these days, says **Lucia van der Post***

WAY BACK when, before there were triple chair lifts and rear-entry plastic boots, before automatic bindings and microfibre fabrics, dressing for the slopes was simple. What made it so was that there was hardly any choice – black (or possibly navy blue) ski pants and an assortment of anoraks that today would have them falling about with laughter in Blackburn was about all there was.

Alas, for the simplicities of yesterday. Today you can choose your image – ski bunny, piste-basher, moody rebel, off-piste loner, kamikaze, ski-bum, Total Design Concept, Yuppie – and know there will be an outfit to match.

What you wear is a reflection of who you are. The pistes and lift-queues are the fashion runways of the snows: what makes choosing difficult is that you do not get to see the shows until you have bought the clothes. Ski fashions, more than any other, are made by being *seen*, not on the fashion pages of glossy magazines.

Most regular skiers will already have a reasonably functional set of clothing, and those who have been cautious will probably need to do little to update it.

The big news (good for those like me who still have a pair lurking in the back of their wardrobe) is that one of the most prevalent looks takes its cue from street-fashion and focuses on the lean ski-pant – the snow version, if you like, of the legging.

There is no need to spend a great deal of money on these – at C & A, for example, they are selling for £49.99 – just make sure they are properly wind and waterproof. The silhouette is all: lean and long – tough, I know, if like me you are female and standard British height of 5 ft 2 in – and topped by a blouson.

Given that most fashionable silhouettes will be skinny and black it is the blouson that will really catch the eye.

Ralph Lauren, for instance, has some stunning military style jackets (see one sketched here below) reminiscent of last year's sell-out mainline collection. In black or white, trimmed with gold buttons, piping and epaulettes, they combine chic with utility – an amazingly difficult double to score. I vote them tops for this year's *dernier cri* award.

You may – or may not – be sorry to hear that Ralph Lauren's gold leather ski jacket, which would otherwise have been my nomination, is sold out. £1,100 is not too much to pay, it seems, to create a stir on the ski slopes. You could, though, if you hurried, part with £800 for a gold sleeveless hooded ski jacket. Be sure, though, to wear it over something warm and waterproof.

If you feel you are just a little too pear-shaped for itsy-bitsy blousons topping skintight ski-pants, then you will be relieved to hear that parka jackets are perfectly OK. They may lack the ultimate panache of a gold bomber jacket but they are capacious and they cover the rear most comfortingly.

If you still have some of those fluorescent skisuits that were so fashionable an eye-blink ago, take my advice and confine them to the back of the cupboard. Muted colours are part of the new recession chic and this is as true on the ski slope as anywhere else. When it comes to colour there is, however, one curious exception: pink, it seems, is a classic of the snow set – the little black dress, if you like, of the piste.

Otherwise, Jacquard or *changeant* effects will be much in evidence – and if you are wondering what that that means, it is a now-you-see-it-now-you-don't two-colour effect. Set foot inside any ski-shop and you will see it everywhere – all the big manufacturers, from Luhta and Nevica to Degré 7 and Killy, have used it in some of their lines.

If you are into heli-skiing, or are liable to find yourself on the top of windswept back-bowls in the Rockies, you will need to consider the matter of function seriously. Degré 7 is a name to look out for. For about £595 (I am afraid if you want to be fashionable and comfortable you have to pay for it) you get what amounts to two suits in one. The Gore-Tex suit comes with a polar fleece lining which is detachable, a fantastic hood that really buttons-down, is wind-proof and has detachable sleeves.

Bogner has a catsuit for those who are so sure of their technique (or possibly their silhouette) that they do not mind making sure that all eyes are upon them. Based on the skin-tight catsuit worn by the German team ski (remember them on television's Ski Sunday?) it has black and white legs and a black and red striped top (yours for £325). top In colder weather an over-the-head jacket picks up the black and white theme (£395).

Alternatively there is Emmegi's champagne ski-suit, all washed elegance, perfect for ski bunnies heading up the mountain for nothing more taxing than a gluhwein and a yodel: £625, from Lillywhite's sports store in London. Ski-bunny's companion could fittingly escort her in some of Signor Giorgio Armani's latest numbers – for the first time the masterly Italian has come up with what he calls "ski-inspired" clothing (the inspired indicating that they may look as if they are for skiing in but they are not really, because they are not waterproof). There are salopettes (nice in denim) at £250 a time, hooded jackets at £225, blousons at £195 and hooded parkas at £295.

Finally, if there is one fabric that will be everywhere, it has to be polar fleece. Started by Patagonia, the eco-chic provider of rugged clothing to climbers, skiers and wilderness wanderers, it is now available at many prices and in many forms in all good ski shops.

The Patagonia catalogue, incidentally, has a marvellously informative section on the art of layer dressing and weatherproofing. It is available from 24 Wilkinson Street, Sheffield, South Yorkshire S10 26 B. Tel: 0742-756-361.

Tactel is ICI's contribution to the high performance fabric world. *Photographed above is* one of a range by Phoenix which features the much in favour blouson jacket – a version of the same design is used by the British Alpine and Freestyle ski teams. It costs £280 in eight different colour combinations. The high waisted pants, with zip pockets, comes in five plain colours but *lest you think this a bit dull they all have bright* trim on the knees. £190. Phoenix is stocked by Lillywhites, Piccadilly Circus, London W1. For other stockists telephone 0665-710934.

Julie Verhoeven

Below left: this year's fashionable outline – slinky ski-pants topped by parkas or blouson jackets. Black wool ski pants with gold braiding down the side, £205, topped by a functional black (or white) military ski jacket with epaulettes. £335. From Polo Ralph Lauren, 144–146 New Bond Street, London W1Y 9FD. Right: for après-ski, but *not* for skiing in: a polar fleece parka in a range of rose prints, made by Nordic Memories Skila, it costs £159.99 from Lillywhite's ski department, London W1

Left and below: Gold is THE colour of the ski year. This sassy little gold blouson jacket is designed to be teamed with slinky ski-pants. By Moncler, £199.99, at Lillywhites. Some of the best value around is to be found at the C & A stores that sell skiwear. This all-in-one skisuit from Italy is made from one of the new *range of cotton microfibre fabrics. In* peppermint green, tangerine or pale blue scattered with silver "ice-crystals", it sells for £200. There are separates – jackets and pants – in the same fabric

The ultimate test: heli-skiing in Canada

Serious warm-ups

SERIOUS walkers, skiers, sailors, alpinists and other wanderers in chilly parts probably already know about Helly-Hansen, a Norwegian company which has supplied undergarments to expeditions to the North Pole, to climbers of the Eiger and to round-the-world sailors, writes Lucia van der Post.

This year sees the arrival in Britain of its range of pukka skiwear, called Equipe. Those who would be truly warm can aim for three separate layers. Start with the inner thermal layer, LIFA, which consists of thermal tops and bottoms in varying styles.

Then you should add the fleecy layer, called Propile.

Finally, we come to the outer waterproof layer of Helly-Tech, one of the new breed of breathable fabrics.

The outer garments incorporate all the functional details the serious skier requires. There are high collars, double covered zips, ribbed inner collars, snow stops, hoods with adjustable peaks, zipped pockets, breathable linings, drawstring waists to keep snow out and ventilation zips. Salopettes are £121.99, jackets, £185.99 and £197. A good range is stocked by Ellis Brigham, 30 Southampton Street, London WC2, Canyon Mountain Sports, 93 *Granby Street*, Leicester and One Step Ahead, 177 Morningside Road, Edinburgh.

How to keep water out and heat in

***Daniel Green** has two questions for ski clothes manufacturers*

IT IS HARD to be chic when you are cold and wet. But while some fashion-conscious skiers dress to impress the dog-walkers of Gstaad, a snowstorm would leave them no better off than the poodles: miserable and bedraggled.

Stay dry and warm by asking two questions about any garment that you fancy:

■ Is it waterproof? Of course, the fabric should be waterproof, but that is not much help if the seams leak. Seams must be sealed with tape. They may be glued shut, but then cleaning with detergent could turn this season's waterproof into next season's sieve.

■ Is it breathable? Sweat needs to be able to evaporate through the material. The alternative is to leave a trail of salt water on the floor of your favourite mountain restaurant as the sweat emerges the only way it can: through the bottoms of your ski pants.

The result of these inquiries will probably lead you to an item with a Gore-Tex label. Gore-Tex is a lining with microscopic holes that are big enough to let water vapour from evaporated sweat out but too small to let liquid water from rain or melted snow in.

Testing ski clothes the Japanese way . . .

Gore-Tex is not the only waterproof breathable fabric, but it is one of the most highly-rated and the most heavily marketed.

It is also the most expensive. Alan Waugh, a director of Phoenix which makes some of the highest specification ski-wear in the UK, said: "The materials in a Gore-Tex garment account for 50 per cent of the cost of manufacture. On a normal item, the figure is only 30 per cent."

A Phoenix Gore-Tex jacket retails at £265 and similar makes such as Degré 7 and Mover cost about the same. Alternative fabrics include Sympatex, more common on the Continent, Entrant, on Canada's Couloir label, MPC from Tenson and DPS from Head.

Since 1990, Gore-Tex garments have been given a three-year dryness guarantee. Each design is tested in a rain chamber to one of seven standards: ordinary skiers need the GPS1 standard while ski-tourers need the higher specification GPS2. The other standards cover such sports as hunting and motorcycling.

Gore-Tex is, however, not the answer to every problem. If you only ski when it is sunny, it is overkill.

"The breathability is never as good once you add extra layers, even Gore-Tex," says Toyin Latunji, ski-wear buyer at Harrods. "And it doesn't matter if the seams leak if it's not raining."

Paradoxically, she says, it is beginners who need waterproofing most, as they fall over on lower, wetter slopes.

Good intermediates and experts might want to sacrifice some waterproofing for improved breathability. The experts' choice is microfibres, found in ICI's Tactel Micro. When microfibres are used for both weft and warp, clothing can withstand several minutes of rain. Although not as waterproof as Gore-Tex or its rivals, prices are slightly lower: Head's 2169 jacket, for example, retails at around £220.

Water can still get in up sleeves and down necks. Make sure that the fit is snug and watch out for cost-cutting at the cuff.

A simple elasticated cuff, such as on the GSL ladies patterned ski top (£99) or the polar bear and snowflake patterned lilac one-piece ski-suit from Luhta (£169.50) could end up a slush trap after a day's skiing.

A better design is for the sleeve to extend beyond the wrist before turning inwards and backwards to meet the elasticated cuff. Any cuff should have a velcro strap or buckle for tightening over or under a glove.

For warmth, the choice is between having separate thin layers or buying one item with several layers sewn in.

Manufacturers favour the multi-layered approach, perhaps because they sell more garments that way. But modern insulating materials are very effective.

The main advantage of layering is that if the weather is warm and dry, you can peel off gradually. US-brand Patagonia specialises in selling eight separate inner layers to draw sweat away from the skin, 12 middle insulation layers and 12 outer water and wind-proofing layers.

Whatever you choose, that inner layer should be of an artificial fibre. Natural materials absorb and hold on to moisture. Your arrival home at the end of the day in the mountains might be too clammy even for your poodle to appreciate.

FASHION

It's Paris chic to wear your seams inside out this season

Alice Rawsthorn is excited by a young designer who hangs out in a derelict hospital

ONE OF the chicest places to shop in Paris is the disused radiology department of Hôpital Ephémère, a derelict hospital on the edge of Montmartre cemetery and now an artists' squat under threat of closure from the French authorities. Here Xuly-Bët designs and sells his clothes.

Xuly-Bët, 30, is one of the *recyclage* designers now making waves on the Paris fashion scene. These designers, led by Martin Margiela, the young Belgian, use recycled fabrics and cheap materials to make *avant garde* clothes, often with unfinished edges and seams on the outside rather than the inside, that are popular with the young Paris fashion crowd.

Xuly-Bët is typical of the *recycleurs*. He was born in Mali but studied architecture in Paris and switched to fashion four years ago. His clothes are made of tights and underwear fabrics. He makes them himself on an old Singer sewing machine and sells them at weekends when he opens the radiology department as a shop.

Things might have been different a few years ago when a talented young designer could have expected to be courted by everyone from LVMH, the French luxury goods groups, to GFT, the Italian textile giant. But that was back in the 1980s when the fashion market was buoyant and designers were fêted as superstars. All that has changed. Now today's designers are struggling to find new directions in the moribund market of the 1990s.

The fashion market expanded in the 1980s, when the middle-aged customers of the establishment designers had more to spend. These designers also gained a fertile market in Japan, thanks to the appetite of the *nouveau riche* for western luxuries. This fused perfectly with the post-modernist ideas then influential in fined art and architecture. The dominant stylistic theme for the established fashion houses was reinterpreting traditional designs, as Karl Lagerfeld did at Chanel with his 1980s versions of Coco Chanel's 1920s suits.

At the same time the designers gained a new, young market as the progeny of the pre-Pill baby boom moved into their 20s. These young consumers had been influenced by the "glam" image of rock groups such as Roxy Music that dominated pop culture during their adolescence. "Glam" was a rebellion against the scruffy hippy styles of the early 1970s. It fostered a generation of young consumers who wanted to dress smartly and a cadre of young, innovative designers emerged – Jean-Paul Gaultier in Paris and Dolce & Gabanna in Milan – to service them.

But those days are over. Recession has struck and designers are in the doldrums. Some companies have collapsed. The rest have been left to struggle. Recession is not the only issue. The designers must also grapple with changes in their market, for fashion has fallen victim to demographics. There are fewer 20-year-olds around because of the falling birth rate. The recession has left them with less money and the shift in pop culture to the "rave" cult – a backlash against 1980s materialism that has heralded a return to the casual dress styles of the early 1970s – means they are less inclined to spend it on expensive clothes.

Even the older customers have changed. The Gulf war, environmental crises and the chaos in eastern Europe have fostered a new sensibility. As this month's US Vogue magazine concedes: "In these politically correct times, $10,000 seems a ludicrous price to pay" for a suit.

The designers have found it difficult to adapt. For the past few seasons the fashion collections have had the feel of designers plumbing new depths of sensationalism in an attempt to disguise the emptiness of their ideas and to attract the paparazzi. The assortment of super-models, pensioners, drag queens and toddlers that totter along the catwalks are all part of the spectacle.

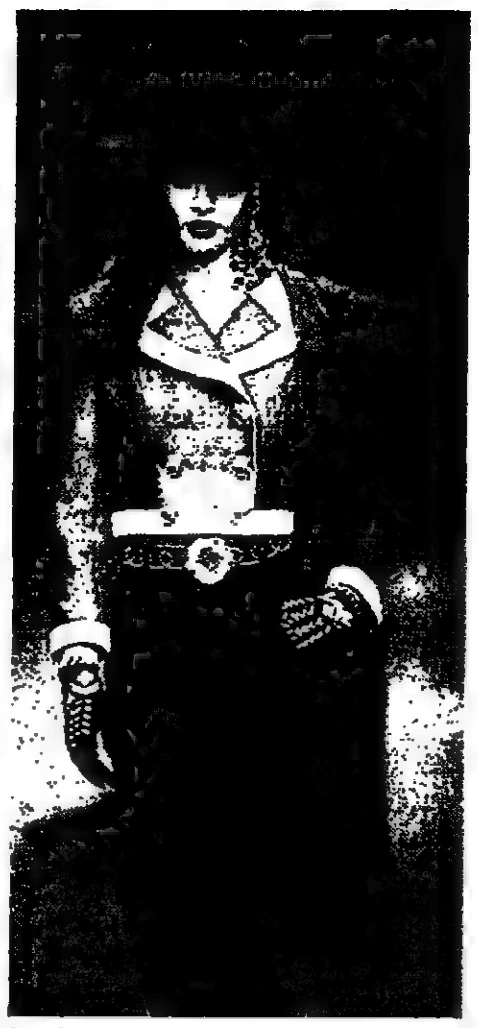
Karl Lagerfeld is still a superb stylist – refining the hippy *de luxe* look into sellable suits for Chanel and Chloé. But he seems to take a perverse delight in exposing his own role as a publicist for the global luxury goods groups. A big bottle of Chanel No5 towered over the last Chanel show. Lagerfeld was later asked by French television whether he saw himself as a designer or a stylist – a question which might have reduced his peers to tears. Lagerfield just laughed.

Christian Lacroix, unlike Lagerfeld, is still idealistic enough to believe that fashion can move forward from the disposable materialism of the 1980s, by using traditional aesthetics and craftsmanship to create beautiful, enduring clothes. The same theme is apparent in the cottage couture of Koji Tatsuno and Romeo Gigli, both of whom produce limited editions of hand-made pieces alongside their main collections. Tatsuno's exquisite silk jackets and Gigli's embroidered velvets cost thousands of pounds, but last for years.

Lacroix, Tatsuno and Gigli are trying to redefine the *de luxe* look that was so lucrative for designers in the 1980s into something better suited to their "politically correct" consumers in the 1990s. The *recycleurs*, who dominate what remains of the young market, favour the direct approach of rebelling against 1980s excess.

It remains to be seen whether Martin Margiela and the other recycleurs will be more than a transient phenomenon. *Recyclage* is riddled with contradictions. Everything about Margiela's clothes, from the seams on the outside to his blank white labels, is a statement against materialism. But his labels are as coveted among the Paris *avant garde* as are Chanel's trademark Cs by the *nouveau riche*. His clothes are expensive, £350 for a jacket or £500 for a coat, and they sell in the same shops – Jones in London, Charivari in New York – as those of the established designers he is rebelling against.

The biggest threat to the *recycleurs* is the fashion establishment. The luxury goods groups that gobbled up the established fashion houses in the 1980s have raised the financial stakes in the industry, as Jean Colonna, another *recycleur*, discovered when his business went bust this spring. It will be much more difficult for Margiela to achieve the same status in the 1990s as Gaultier in the 1980s – or even for Xuly-Bët to check out of Hôpital Ephémère.



Lacroix

Margiela

Lagerfeld's look at the '92 Autumn collections

Tatsumo

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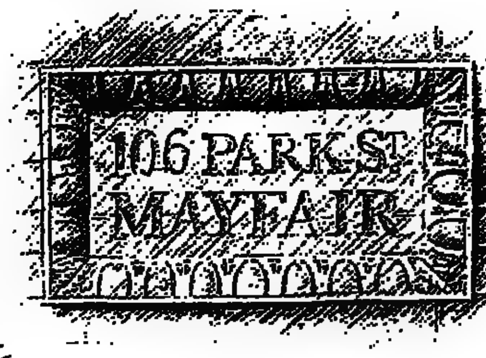

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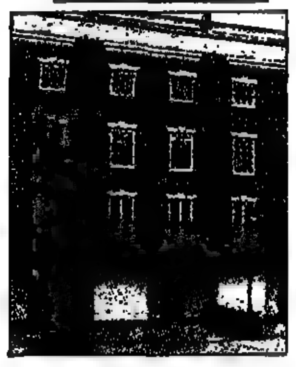

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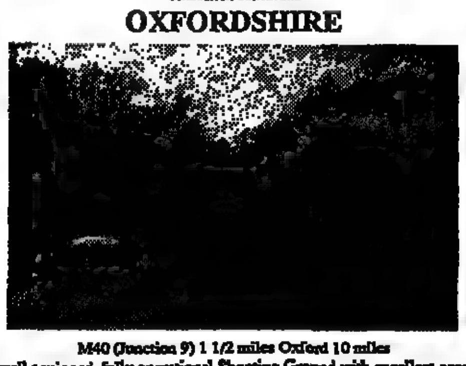

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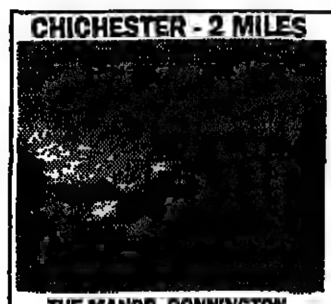

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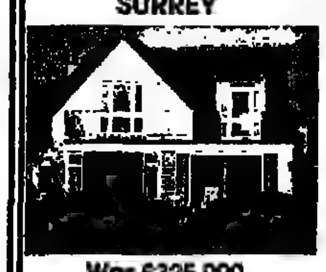

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Deep in the Italian countryside: a village prepares to dance again

Audrey Powell meets a developer who stumbled on an opportunity in Le Marche

IT IS rare in these recession-ridden times for a developer to promote a project and come out on the winning side.

David Coates is a director of Edinburgh-based design consultants McIlroy Coates (which planned the bookshop in the new Sainsbury wing of London's National Gallery).

He and his wife, picture restorer Josephine Maxwell, decided to buy a holiday retreat in Italy. They discovered the Le Marche region, east of Umbria, green and hilly and reaching to the Adriatic.

The Coates looked at a dozen houses, but none was right. Then they were shown a large property with dusty-terracotta coloured walls and faded blue shutters. It was locked. This was late evening. They could not see inside. But this, in its rural setting, was the house they wanted.

By now they had learnt of the usefulness of a geometra, whom David Coates describes as "part architect, part quantity surveyor, part planning consultant" – a profession with no direct equivalent in Britain. The geometra had shown them the properties and explained that with the blue-shuttered house, once the home of an Italian general, came three vacant farm houses, one inhabited farm and 100 acres. It was beyond the Coates' budget.

They returned to Scotland and put advertisements in several newspapers. The geometra took his own line of action. He asked the tenant farmer if he would like to buy the farm – for a fraction of its worth.

He offered agricultural land, similarly cheaply, to tenants or neighbouring farmers. Deals were struck.

Coates, also asking attractive prices, found buyers through friends or the advertisements, for the dilapidated farm houses, with suitable amounts of land. One went to an accountant, another to the head of a midlands green grocery chain.

In five months the estate was split and sold and Coates had effectively bought his own house, and the six acres he kept, for nothing. However, the old property, with its cellars with huge casks for wine and presses for extracting olive oil, its numerous rooms with brick-paved floors, will need a host of modern additions to turn to the home they visualise and will take a lot of money.

Meanwhile, friends, and friends-of-friends, kept asking Coates about the Italian properties that he was "offering for knockdown prices."

Coates asked the geometra to look for something suitable for another project. He came up with an abandoned hamlet, deep in the Marche countryside, called Campodanzo ("field of dance"). Its 40 acres include a collection of rural buildings, some 200 years old, which Coates is turning into 15 mostly small and mainly detached leisure homes, grouped in two sections.

As is the practice in much of Europe, the land and property had been passed down through families and ownership had become fragmented. It took the geometra a year to trace the 23 people who had rights over the property and get them to agree to sell.

Then planning matters had to be dealt with. Coates, in his new part-time occupation of developer, is using local materials, local tradesmen and traditional building materials and the authorities are happy to see the hamlet come to life again. It has been empty for 25 years.

Campodanzo is for those who like a true country setting. Its meadows sweep down to a shallow river in a gorge. Its fields produce up to three crops a year. Plums, apricots, apples, figs and vines grow close to the houses. There is the scent of jasmine. The occasional bat is disturbed . . .

The houses take their shapes from the original uses of the buildings and all are different. Some were always cottages, some were homes where animals occupied the ground level. Some were barns.

They are mostly of stone with beamed ceilings and interior shutters. They are getting modern kitchens, bathrooms, double-glazing. Each property will have a small private garden area. Prices range from £50,000 to £98,000 for one to three bedrooms.

There will be swimming pools and tennis courts, hidden in woods where sounds of their use will not annoy residents.

Ownership of the properties is freehold. The land and amenities are owned jointly. A maintenance company to look after these will be run by the geometra and there will be an annual charge.

A nearby village caters for simple needs. A little farther away are such as like Sarnano, which has both its boutiques and its restored "old town."

The nearest beach is about 45 minutes from Campodanzo and there are ski slopes about 30 minutes in the opposite direction.

In summer charter flights go from Gatwick (London) to Ancona, an hour's drive from the estate. Scheduled flights go to Rimini, two hours' drive away, and Bologna, half an hour further.

Coates says he can catch the daily 2pm Sabena flight from Edinburgh to Brussels, then fly on to Bologna. With the two-and-a-half-hour motorway drive, he can be at his property near Campodanzo, by 10.30 pm. The return fare is £250.

Italy's autostrada network is being extended. Within a few years links should be built from the route along the Adriatic coast across to Assisi and Perugia and the Rome-Florence autostrada, to bring Le Marche further out of obscurity.

■ *More information about Campodanzo from London agent Domus Abroad, 071-409-0571 or David Coates in Edinburgh, 031-556-8210*

The deserted village: Campodanzo in Le Marche is being restored and its buildings turned into 14 one, two and three-bedroom holiday homes which will sell for £50,000-£98,000

Controlled rewards of going Dutch

Rebecca Stephens examines the peculiar nature of investing in the Netherlands

ARE property prices determined in the market?

Not in the Netherlands. Here the price of tenanted properties, and most properties are tenanted, is calculated using a formula based on the controlled rent: take the net rent for the year, say, Fl 13,000, multiply this by a predetermined net annual return on investment, say 9 per cent, and there you have it – your purchase price at Fl 144,400. Easy.

And cheap. For example one actual property in the centre of Rotterdam, a block of three good-sized one and two-bed flats, is Fl 144,400, approximately £48,000.

Why so cheap?

Most people rent rather than buy in the Netherlands; and rents are held low – a three-bedroomed flat, can be rented for as little as £90 a month. This is in the "controlled" market, in which rents are set by the government according to a point system, and index-linked.

About 80 per cent of all Dutch property falls into this category. The rest – owner-occupied or rented – is in the free market where the rules of supply and demand apply. Only rented properties commanding a monthly rent over a Fl 730 (£240) threshold fall into this latter category.

Of the properties rented, most are owned by institutions – insurance companies, pension funds and so on – that went into construction in a big way around the time of world war two, building row after row of dull, functional apartment blocks for the rental market.

Until a few years ago, Dutch institutions investing in property had no choice but to do so within Dutch borders. When this restriction was lifted many off loaded residential property to finance diversification abroad. Whole blocks, even streets of properties are available to the private investor.

"There's a high potential for the individual investor to realise large capital gain on the resale of vacant property," explains Simon Malster of Osbornes Solicitors. "But," he says, wary of the British paranoia of sitting tenants, "the investment doesn't rely on the expectation of selling vacant-flats. You make money even keeping the tenants."

In his view Rotterdam is the place to be. It is not as pretty as Amsterdam, but there are ambitious plans for its development, property is cheap and rental yields – at about 9 per cent – are high enough to cover a 50 per cent mortgage.

He says that as the years pass it grows easier. Rents may have been set decades ago, but when a tenant leave a new controlled rent is determined. This may be 50 per cent to 100 per cent more. Changes of tenant mean net annual yields can be pushed up to 14 or 15 per cent.

Even where a tenant remains in occupation the rent is increased, by law, by a minimum of 5.5 per cent a year.

Generally the rent pays off a 50 per cent mortgage in seven to ten years.

So what is the catch?

There could be periods when you are without a tenant and rental income, but this is unlikely in Rotterdam where there is a two-year waiting list.

Interest rates might go up, but fixed-rate mortgages are easy to arrange. Rates in the Netherlands are about 10.5 per cent. There is no currency risk since the rental income and mortgage are both in guilders. Only when you repatriate the proceeds is there an exchange rate risk.

The investment should be looked at over five years, suggests Malster. The Dutch government recently lowered the ceiling for controlled rents and could cut it further. This, together with rising rents, means that more and more properties will topple into the free market.

There is no capital gains tax in the Netherlands for the small investor. Rents, however, will be taxed as income, and if you are resident in the UK you cannot offset interest payable on the mortgage against rental income.

■ *Osbornes Solicitors, 93 Parkway, London NW1 7PP, tel: 071-485-8811.*

GARDENING

A leaf from rich men's books

***Robin Lane Fox** chooses the grandeur of the arboretum to bid his annual farewell to the trees*

THIS WEEKEND is our last chance to say goodbye to the trees. In a very few days, they will be a bare tracery of branches, like the pillars of tall cathedrals, reaching for the light. While there is still time, put down your tools, pull on the wellingtons and head for a good arboretum.

Arboretums begin as the extended vistas of very rich men: they end as enclosures with signposts and trail stickers and committed men with beards, striding out through mud-tracks with walking-sticks of natural wood.

An arboretum's public is not merely keeping its children quiet. It likes picnicking on low round tables, recycled by the local hobbits, or lunching in anoraks and rain hats beside a car-boot which is locked in four-wheel drive.

Against the burnished glow of the beech trees, I have seen the picnickers ushering out the season, passing vegetarian pancakes across tables with chairs sunk into the wet grass so that the paper plates are at eye-level. Arboretums have shops, nowadays, like log cabins. If you want a set of badger transfers or a walking-stick of cherry wood with a head carved like a duck, you will find it, this weekend, on sale at an arboretum where the oaks are turning rusty yellow.

From May until mid-October, we can usually be happy in our own gardens: then, for a month, we are all better for a tree-park where somebody once spent masses of money. Arboretums are reservations of grandeur and mid-Victorian planting which have finally reached a peak. Among them, you can always find trees of a modest scale, such as Chinese forms of Sorbus with this year's exceptional berries or the yellow and scarlet leaves on the smaller forms of maple.

Arboretums make me pine for a deep, less alkaline soil so that Acer Palmatum would grow freely and turn to a brilliant colour in my long grass. Gardeners are sometimes wary of this tree, imagining that all its forms look like the best-known relation, that feathery mound of purple foliage which looks stranded in small front gardens or in the Japanese corners of rockeries planted 100 years ago.

Acer Palmatum does not have to be purple at all. The forms with Japanese names are much more subtle, holding tiny leaves in clusters or extending them like long fingers on branches which will often grow no more than 15 ft in a lifetime. My pin-ups are the yellow-leaved forms which are set with airy, narrow leaves and turn to a

fiery colour on a slope of roughly-mown grass.

Nurseries publicise bigger trees for autumn colour. Malus Bonfire or the more alarming forms of Prunus. Three or four of these fine Acers would go a very long way in gardens of half an acre or more, on the edge of a wood, in an orchard or on a bank beside the drive.

Arboretums are also an introduction to new friends as well as a reminder of older attractions. I have just vowed that I must plant a Pterocarya somewhere because its long leaves and straight trunk are so remarkably fine.

Its popular name is the Caucasian Wing Nut and in time it makes a very tall tree, upright and always dignified without obscuring too much light. It thrives on soils which also favour walnuts and is seriously underestimated in Britain.

The leaves look like huge versions of a common ash, but they are earlier into leaf and much more emphatic. In a big space, a pair of Pterocaryas would be a bold frame at the further end of a long lawn.

In an arboretum, these discoveries always happen, from flaming maples to Caucasian Nuts with wings. For me, the arboretum experience has a further dimension: time, and a humbling awareness of past years.

Like the temple gardens of the pre-Christian world, these rich men's parks house trees of exceptional straightness, age and stature. To some eyes, they may seem to be a warning. If a Tulip Tree will grow 100 ft high in a 100 years' time, should we not hesitate before planting one in our own more modest gardens?

These warnings pass me by, so long as the roots of the tree will not unsettle nearby buildings. You and I will not be here 100 years hence and meanwhile, a Tulip Tree will give us years of pleasure. If it is too tall for posterity, they can always cut it down. No doubt they will be less hung up about "heritage", to judge from the legacy which we are parcelling up for them.

Last weekend, I looked upwards into an ancient case in point. Above me, on millionaire's ground, towered a tremendous *Thuja Plicata*, planted in the Victorian past and left to soar upwards to a height of 70 ft or more. On the lower branches, a few feathery leaves lay thinly: would any unwary visitor assume that this enormous tree could be used as an evergreen hedge, responsive to clipping and feeding in any moderate garden?

Chastened by its age, I had a vision of the clipped hedges of my childhood growing on into forests as their clipping ceased. These sights make you feel extremely small, until you turn round and there behind you are visitors in deer-stalker hats, trying to feed the grey squirrels and romanticise the hungry rabbits.

Rare varieties are blooming

***Arthur Hellyer** looks at new marketing methods and specialist services*

TRADITIONALLY, most nurseries both grew their plants and sold them retail to the gardening public, many of them in the dormant or semi-dormant period between early October and the end of March.

Then, some 30 years ago, came the development of container grown plants, which made it possible to sell plant varieties throughout the year. This brought a great increase in the number of retail outlets, most of which bought in the majority of the plants they sold.

To supply them, many large wholesale nurseries developed, some of them the old multi-purpose nurseries, and there was a great increase in the total number of plants sold. But the range of plants tended to diminish since for some there was only a limited demand and this kind of trading favoured the popular, fast-selling plants.

But the demand for specialities was still there and actually increased as a result of many people becoming interested in gardening who would not previously have been attracted to it. Such specialist nurseries began to appear in increasing numbers, each with its own range of plants and often based on a family who supplied all the labour, so that costs could be kept low. Though most of these grew plants in containers so that they could be planted on impulse at any time of the year, some also carried on a mail-order trade in the traditional way and were greatly helped by the appearance of *The Plant Finder*.

This is an annual publication which lists alphabetically all the plants that are known to be available and gives the names and addresses of the nurseries, large and small, from which they can be obtained. From just small beginnings, it has grown rapidly until it now contains 55,000 varieties of plants, cross-referenced to many hundreds of nursery addresses.

The 1992 edition costs £10.99, is published by Headmain Ltd in association with The Hardy Plant Society and can be obtained through any bookshop.

Now comes Hillier Nurseries, Ampfield House, Romsey, Hampshire, with an entirely new method of marketing plants, which is intended to combine the best of the old with the best of the new. Hillier's Nurseries have for a good many years been one of the great nurseries of the country, probably with the longest list of rare species of trees, shrubs and climbing plants of anyone, but facing the difficulty that if varieties were only in small demand, it did not pay to propagate them. The basic idea behind the new way is to make the Hillier specialities more familiar to the gardening public and much more readily available.

In the changing conditions of recent years, Hillier Nurseries have become wholesale suppliers to many retail nurseries and garden centres. Some of these have been organised as suppliers of Hillier's specialities under special order direct from the customer, just as one might order a special book from a bookseller who might not be prepared to stock it on the off-chance that someone would come along and buy it.

A special list has been prepared known as Hillier Nurseries Premier Plants and will be revised quite frequently so that it can be kept right up to date with plants of which the nurseries do have stock available for immediate supply. This list contains simply the names of the plants, the sizes available and the price ready for collection at the supplier of the customer's choice.

Further information, if required, can be had from a variety of other sources, including several well-illustrated books published by Hillier Nurseries and also the excellent *Illustrated Encyclopedia of Gardening* published by the Royal Horticultural Society.

The Hillier Nurseries Premier Plants edition which I have before me is the autumn and winter edition 1992 and another is promised by February and will include plants for the conservatory and other tender species. This one is concerned primarily with trees and shrubs but also includes some bamboos, grasses and just a few roses.

The special catalogue lists 78 retail outlets in Britain, one in Jersey, Channel Islands, and one at Lisieux, France. The plants supplied are bare-rooted which is possible by this form of delivery direct by lorry from Hillier Nurseries to the point of sale. There is considerable advantage to this, especially with trees and the larger shrubs, since the roots have not all become bound together in an unnatural ball.

They are protected by polythene film during travel but must either be planted promptly on arrival or heeled-in temporarily if the soil is not in a suitable condition for permanent planting. Heeling-in involves digging a wide trench, laying the plants at an angle with their roots in this trench and covering with soil, treading well down. Treated in this way they will remain in good condition for weeks.

It would, of course, be possible for any wholesale nursery to do something similar and it will be interesting to see if the idea catches on.

Pretty as a peach: an illustration from Martha Stewart's Gardening Month by Month, published by Ebury Press at £19.99.

An unsure first taste

THE celestial 11th century South Indian bronzes had no takers; the naughty European enamel cigarette boxes were all snapped up. And the bidding for the novelties such as the Carl Kauba bronze chrysalis ashtray which parts mechanically to reveal a nymphet, or the Austrian Franz Bergman bronze figure of a girl whose skirt lifts up went very well, thank you.

But Sotheby's first auction in India, at a luxury hotel in New Delhi, didn't go quite as well as the British auctioneers, and their Indian partners, the Modis, had hoped, even if they are not admitting it.

The two-day extravaganza – for it was that for much of the motley crowd in event-starved Delhi – raked in a total of Rs56.4m (£1.3m), half the estimated figure for the collection of 521 objects.

Mr Julian Thompson, chairman of Sotheby's Asian division, who skilfully presided over the proceedings, announced at the end that nearly 63 per cent of the lots were sold and that Sotheby's had been particularly encouraged by the sale of European paintings.

Godward's *"Bath of Venus"*, a 1901 oil of a disrobed beauty, fetched a handsome Rs2.86m (£57,200) and another work by the last of the British neo-classicists, whose naked ladies were the mild pornography of the day, fetched Rs2.31m (£46,200).

The European paintings, which attracted mostly foreign buyers, sold at full international value, according to Mr Thompson.

India's veritable treasure trove of non-Indian art was displayed at the sale and collectors hope that more will emerge, thanks to Sotheby's pressure. In the days of the British Raj, hundreds of European paintings were brought to India, mostly by Indian art collectors or British civil servants to embellish their buildings.

Sotheby's in the early 1980s had tried, unsuccessfully, to convince the Indian government to auction works of art of non-Indian origin, much of which lay neglected in the country's grand old bureaucratic residences.

Now it has had its way although India's strict antiquity laws still do not permit antiquities of over 100 years to leave the country, which accounts for the restrained bidding in this area.

The South Indian Chola bronzes, including two 11th and 12th century bronze figures of the Hindu god, Shiva, were unsold when bidders offered less than half of the estimated prices of Rs5m to Rs8.5m.

The bronzes, which span centuries of Indian art, were from the collection of a shipping magnate, Mrs Sumati Morarjee, who confessed she had bought over the years to prevent works of art from leaving the country, but could no longer maintain her collection.

The contemporary Indian art section did dismally, but some early 20th century paintings fetched prices considerably higher than their estimates.

Amrita Sher-Gil's *Village Group* (1938) designated, like the artist herself, an Indian art treasure, fetched Rs1.1m (£22,000), a record price for any modern Indian painting.

The European clocks and watches were indiscriminately snapped up by foreign buyers; Indian bidders were more discerning, bidding heavily for single pieces they had set their hearts on. The curiosities and knick-knacks, which one collector termed "flea-market junk", attracted spirited bidding.

The next auction, says Suzanne Tory, Sotheby's India managing director, will be held in a year's time. Doubtless more Indians will be tempted to part with their treasures by then.

Shiraz Sidhva

Sotheby's, London, is selling this watercolour sketch of Marathon by Edward Lear on Thursday with a price guide of £25,000 to £35,000

Putting the colour back into art's faded cheeks

***Antony Thorncroft** questions Sotheby's timing in raising its buyers' premium just as a selection of important items are coming under the auctioneer's hammer*

SOTHEBY'S shocked and angered the art world this week by raising the premium it charges to buyers at its sales from 10 per cent to 15 per cent of the hammer price on lots which go for £30,000 ($50,000) or less, which means the vast majority.

Lord Gowrie, the London chairman, was quick to point out that, with the 10 per cent remaining on anything paid over £30,000, the maximum additional charge for a buyer will be £1,500. But in the current market, when auction houses are seeking desperately for new collectors to make good the loss of bidding by the debt-ridden dealers, any extra expense looks suicidal.

Sotheby's has been forced into raising its prices – which, added to the 10 per cent that sellers pay (in theory), means that it takes a weighty 25 per cent of any object sold – because it continues to trade at a loss and the hoped-for improvement in business in the autumn has proved a chimera. Michael Ainslie, its president, said: "Although we have succeeded in cutting our costs by 20 per cent in the last two years, the market has not bounced back as quickly as we expected."

Also, in today's intensely competitive climate, anyone offering a valuable collection at auction would be mad if they did not negotiate a reduction in the seller's charge, so buyers are, in effect, being asked to subsidise sellers.

Christie's and Phillips are holding off for the moment but will probably follow suit and raise their premiums, but Bonhams, which is riding the recession better than its bigger rivals, is pegging prices.

Sotheby's timing is surprising because in recent weeks there have been signs of green shoots in the art market. Even those rare words "auction record" have crept back into the language, admittedly usually in such specialist areas as Chinese modern paintings (£614,000 was paid in Hong Kong for a work by Zhang Daqian), and 20th century photographs (£115,500 at Christie's for a portrait by Rodchenko).

But some popular artists have also achieved records, like the $528,000 paid in New York for a work by the French 19th century Salon painter Bouguereau and, this week in London, £86,000 for a sculpture by Eric Gill.

By all accounts, the London and Provincial Antique Dealers Show in London last month was not at all bad and there was brisk buying at the Contemporary Art Society's supermarket of inexpensive art at Smiths last weekend.

Even the London dealers are beginning to think the worst is past, and, more to the point, are starting to get out and sell. Sixteen of the galleries left in Cork Street are co-operating on an open weekend on November 28 and 29.

Throw in the Olympia autumn antiques fair, from November 18, at which almost 200 dealers will be looking to make pre-Christmas sales; the Barbican fair from November 26 with another 200 dealers offering antiques valued at £25 million; and Artmart at the Business Design Centre in Islington from November 19, and the supply side is well taken care of.

Serious connoisseurs, who were frozen out by the spiralling prices of the late 1980s, are now at least attending fairs and, as prices continue to fall, especially for pictures, this really is the time for bargains.

All that is missing is confidence, which can best come from keen bidding at auction, where works of art are publicly seen to be in demand. In the next month, some really important items arrive on the market. They will confirm that the art world slump, which in areas such as Impressionist paintings has reduced prices by 50 per cent in two years, is over, or whether there is more misery to come.

The Grim Reaper has been kind to Sotheby's and Christie's. Few owners of masterpieces are keen to sell in today's lacklustre market place (unless they are badgered by Lloyds of London or their banks), but the auction houses have some fine offerings thanks to death and executors – and the mounting inheritance problems in maintaining the UK's stately mansions.

Lord Mountbatten's former home at Broadlands and the new heirs to Luton Hoo are among the consignors in London this month.

Death has particularly favoured New York's major winter Impressionist and modern art sales next week. Dorothy Rodgers, the widow of the popular composer, has died and Christie's is offering 26 works on Wednesday from her collection, including a Cubist Picasso *"Guitare et journal"* estimated at up to $4 million and a cheerful work by Picasso painted aged 20 in 1901 while he was still in Barcelona (estimated at up to $2 million); plus paintings by Vlaminck and Matisse which might also top $1 million.

The previous night, Sotheby's big occasion is boosted by paintings from two more dead collectors, Mollie Livingston, who designed clothes for the wives of Presidents Eisenhower and Johnson, and Wright Ludington. The highlight from the former's collection is another Matisse, *"L'Asie"*, a 1946 portrait of an oriental girl which could make $8 million, and a $4 million Picasso, while Ludington contributes his 1905 Matisse, estimated at around $1.5 million.

In terms of quality of stock, next week's Impressionist and modern sales in New York are the best for over two years, but, even if the art sells on target, prices will only have returned to the levels prevailing five years ago, before the short-lived boom.

'London dealers are starting to get out and sell'

London can hardly compete with this array of costly art, but there are re-assuringly familiar British names in the auctions of Victorian pictures next week. Sotheby's and Christie's have sadly accepted that they cannot sell 19th century British artists alongside French, Spanish and the rest in general 19th century European art catalogues – their attempt to create a common market for art among European collectors has failed – so Leighton and Burne-Jones, Rossetti and Alma-Tadema have been restored to their exclusive catalogues.

The highlight of Christie's sale on Friday is *"Moorish garden: a dream of Granada"* by Lord Leighton, which depicts a young girl in eastern finery leading two peacocks. It is being sold by an Australian museum, the Armidale in New South Wales, which should be at least £500,000 richer as a consequence. Lord Leighton's "oriental" pictures rarely appear at auction. This one has actually appeared twice before at Christie's.

In 1903, it went for 888 guineas and in 1931, with the Victorians out of favour, for just 190 guineas. Another work by Leighton, *"The bracelet"*, showing a Greek maid examining a bangle, also reflects the vagaries of taste for Victorian pictures. It made just 21 guineas at Christie's in 1956; now it could top £500,000.

The sale contains Frederick Watts's famous portrait of Lord Tennyson and one of Alma-Tadema's rare female nudes. *"A sculptor's model"* caused a sensation when it was first exhibited at the Royal Academy in 1878 and the Bishop of Carlisle described it as "mischievious". To deflect criticism, Alma-Tadema rather unsatisfactorily added a smock, not to the model but to the watching sculptor. Estimated at around £250,000, it is being sold by a Japanese company, confirming that these days the Japanese are sellers rather than buyers. The highlight at Sotheby's is one of Leighton's rare nudes, *"The antique juggling girl"*, which could make £500,000.

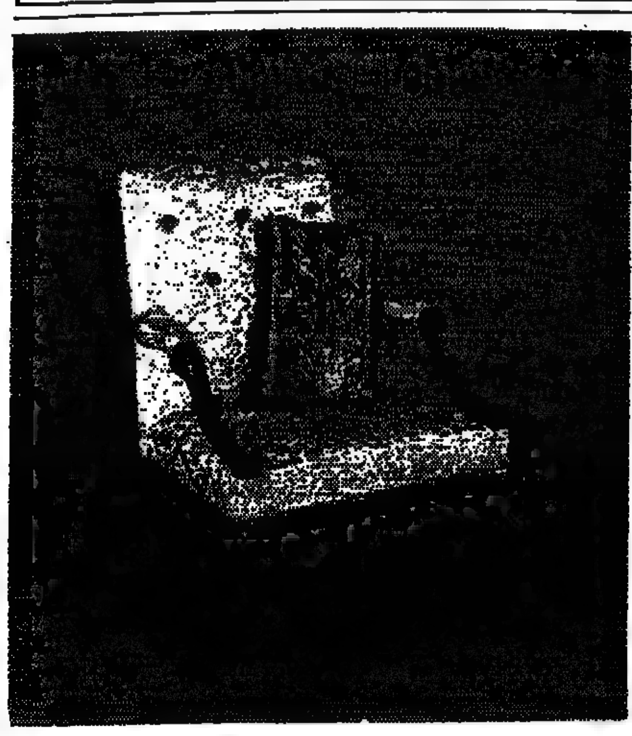
And there are more goodies to come...The first dispersal in a general £30 million clear-out by one of Europe's richest families, the Princes of Thurn and Taxis, at Sotheby's Geneva on November 17, when a gold and hardstone snuff box created for Frederick the Great should sell for £1 million; the seven works by Cèzanne at Christie's on November 30, which should make £12 million between them; the £5 million Pieter de Hooch view of a Delft courtyard at Christie's on December 11, with a "lost" Rubens portrait in the same sale; a rare bullfighting scene by Goya at Sotheby's on December 9 which has been in the same family since it was painted in 1824 and should sell for around £5 million; one of the two finest Kandinskys to appear at auction in 30 years is also in the £5 million class at Sotheby's on December 1; and a Turner watercolour of Venice, which when it last appeared in the saleroom in 1988 set an English watercolour record of £440,000: on November 19 at Sotheby's it is modestly expected to make £500,000, reflecting the convalescent market.

In the same sale is a Constable view of Salisbury cathedral, despatched to raise £1 million to ease the financial problems at Luton Hoo.

The most important Mountbatten picture up for grabs, Joseph Wright of Derby's *"An Iron Forge"*, has thankfully found a permanent home in the Tate, thanks to the generosity of the National Heritage Fund and the National Art Collections Fund.

If there are rich buyers out there, they must be tempted by these master works. Already Italian and Swiss furniture dealers have been bidding heavily again at furniture auctions in the UK, one area which has largely ridden out the recession; the Americans are definitely coming back, thanks to the fall in value of sterling.

There could still be problems for the London art market if Brussels succeeds in imposing VAT on the import of works of art but a combination of excellent items with international appeal in the salerooms and competitively priced general antiques at the fairs and in the dealers' windows should provide the combination to lift the art market out of its two-year malaise.



High spirited soul is bared

***Jane Abdy** welcomes the appearance of the Balfour-Elcho letters and concludes that, after all, the relationship was platonic*

THE correspondence between Arthur Balfour and Mary Elcho has had a migratory career. The confidential letters which they wrote to each other for more than 50 years – or such of them as remain, for some were burnt, others have pages torn away, or made illegible by heavy deletions – were sent from Whittingehame, Balfour's home, to the British Museum, and then, at the request of Mary Elcho's family, were returned to Stanway, the house where most of them were written. There they were stored away. Because many of the letters are private in character, and some marked "Burn" or "Destroy", I doubted whether they would ever be published.

That they now appear is a bonus, for Mary Elcho's writings are a delight. She was the most endearing of the female "Souls", that group of high spirited friends so starry in their youth, and sadly quenched by the tragedy of the Great War. A natural writer if a little discursive, she has a delicious spontaneity in describing the happiness of her daily life – her beloved children, her Chows, ("How I love Fluffkins, Puffkins"), and merry life at Stanway with her many guests. She always writes with affection and sometimes emotion; her letters during the Great War are the most poignant I have read.

Balfour's replies are coolly factual: they consist of timetables of his activities, updated reports on his almost perpetual ailments, and lists of dazzling "social engagements." "Now you have my diary disguised as a letter," he once wrote. His cautious pages are filleted of all feeling – and yet the relationship between himself and Mary is always present, tense like a coiled spring.

Mary Elcho had always wanted to marry Arthur Balfour since they first met, when she was 17 and he was 31. Mary was beautiful, intelligent, and her vivacity attracted many suitors. When she was 21 she married Hugo Elcho, a clever, droll character, keen on gambling on shares and horses. Like many men of his class and time, he sought glamorous mistresses and had a long liaison with the Duchess of Leinster, considered the greatest beauty of her age. However, he and Mary both appreciated each other and loved their seven children.

THE LETTERS OF ARTHUR BALFOUR AND LADY ELCHO 1885-1917
edited by Jane Ridley and Clayre Percy
Hamish Hamilton £25, 370 pages

Eight years before he met Mary, Balfour had fallen in love with May Lyttelton, a pretty, high-spirited girl who may not have been aware of his feelings and had been engaged to another man. At her sudden death in 1875, Balfour placed his mother's emerald ring in her grave and with it, so he told his friends, his heart. Soon afterwards he communicated with her through mediums, and was to receive affectionate spirit messages from her until he died.

When Charlotte Gere and I were writing on the Souls 10 years ago, we had the immense good fortune to be welcomed by Lady Elcho's two surviving daughters, Lady Plymouth and Lady Mary Lyon. They absolutely adored their mother, who had, in Souls parlance, given them a golden childhood. They had both known Balfour well. It was they who, in great distress, withdrew the letters from the British Museum after a biographer of Balfour had quoted from them to establish that Balfour and Mary were lovers. (My one reservation about this otherwise well edited book is the publication of letters not meant to be preserved; that they survive at all is probably due to Balfour's inertia.)

The affectionate artlessness of Mary's letters was, they saw, vulnerable to misinterpretation, and her frequent use of nursery language, such as "I'll box your ears," or "You deserve a good spanking" should be taken lightly and not interpreted as any kind of chastisement. They were adamant that Mary and Balfour had never been lovers in the accepted sense; that their relationship was platonic, and that Balfour had always told Mary that the true romance of his life was May Lyttelton.

After reading all the letters, I am convinced that their opinion is right. What does emerge is a mutual affection that hovers between romance and friendship, and as sustained by Mary's romantic yearnings and memories; "Twenty years ago we walked arm in arm together, and you came to dinner, and saw me in a low gown, and told me I had a jolly throat."

Mary was deeply in love with Balfour, and Laura Tennant spoke of her "weaponless worship." In 1887 it seemed that Balfour might reciprocate her feelings. He was appointed Chief Secretary for Ireland and just before he left for Dublin, he and Mary met at his house in Carlton Gardens where occurred "a small very private and personal incident... first kiss (gear changing)," recalled Mary two decades later.

Mary Elcho in 1900

Such an episode was tentative; later there were kisses and caresses and nothing more; whether this was due to Balfour's moral scruples, or the fear of commitment, or even the hazard of a child we will never know. Or was he, in the end, being faithful to the memory of May Lyttelton? Lady Randolph Churchill said of Balfour that he "liked to stir up emotional warmth, to love, and to be loved, but that he was unmasculine – not homosexual – just a man who liked a lot of smoke and rather little fire." She understood him well, and, as an American, she was a good observer of the vagaries of love in a very cold climate.

A great economist

*Can Keynes help from beyond the grave wonders **William St Clair***

THE SECOND volume of Robert Skidelsky's huge biography of John Maynard Keynes covers the inter-war years. In the first volume, published in 1983, *Hopes Betrayed 1883-1920*, and now published in paperback at £12.99, Skidelsky described Keynes's childhood at Eton and Cambridge, his membership of the Bloomsbury group, and his sudden rise to power and fame during and after the First World War.

In this volume Keynes is now influential, independent and rich. He has largely forsworn his earlier homosexuality, and, to the astonishment of his friends, he marries a Russian dancer. He slips effortlessly between the worlds of politics, finance and academia, always ready with an opinion and a remedy. He publishes books of astonishing originality and power, and owns a weekly newspaper. Keynes is already a legend, brilliant everyone concedes, one of the cleverest men in England, the greatest economist of the age, perhaps of any age, but is he sound?

Still to come in a future volume are his return to the Treasury; financing the war and the reconstruction; and Bretton Woods.

Keynes hoarded his papers, sticking them on spikes before storing them in clothes chests. But although Keynes was a great man, not everything he did or said needs to be recorded. Skidelsky successfully sets Keynes in the political and intellectual context of his times, breaking the chronological narrative with occasional thoughtful summaries. His portrait of Keynes is entirely convincing, although a little too protective of the less attractive characteristics. But although he has divided his argument into sub-chapters and appendices, few readers will want all the information offered – the minor journalism, the forgotten colleagues, the hotels he stayed at, the names of his butler's children.

Skidelsky rightly concentrates on Keynes the economic thinker. He takes us comprehensively through the arguments and counter-arguments of the time, and discusses the modern commentaries, not neglecting his opportunities to contradict a few colleagues along the way. However he tends to confuse the role of the historical biographer (to analyse and understand what was said, believed, and done in the past), with that of the contemporary economist (to explain the problems of Britain now). Despite the occasional disclaimer he does not give sufficient weight to the differences between Keynes's time from our own.

JOHN MAYNARD KEYNES VOL 2: THE ECONOMIST AS SAVIOURS 1920-1937
by Robert Skidelsky
Macmillan £20, 751 pages

When industrial investment was financed by fixed-interest bonds, and wage-earners and pensioners had no arrangements for uprating their incomes, inflation was more redistributive and more socially disruptive than now – but it was also good for profits. The policy choices of today are at best only partially elucidated by the debates and equations of 1934 even if they were true then. Keynes himself abandoned the idea that economics is a body of knowledge, as distinct from a method of analysis.

The questions which the country faced in the 1920s and 1930s are still dismally topical. The ERM fiasco was a re-run of the 1925 return to the gold standard, a more precise case study than history usually provides. Keynes later estimated that the country paid 10 per cent in lost output when the Government deflated a depressed economy with high interest rates in its (fortunately unsuccessful) effort to maintain an inappropriate external parity.

In the 1990s the finance markets are again said to be demanding cuts in public expenditure on the grounds that the country *does not have* the money. "We do nothing because we do not have the money", Keynes told the Macmillan Committee in 1930, "but it is precisely because we do not do anything that we do not have the money".

As for cutting real public investment in order to keep down the rate of interest on Government borrowing, that was "one of the most desperate muddles the human mind has ever entertained. The whole object of having a low rate of interest is in order to do something. But if you think it is wise to stop doing things in order to lower the rate of interest, you are standing upside down."

Skidelsky, recommended for a life peerage by the Social Democratic Party, admires Keynes's attempt to promote a Middle Way, a taming of capitalism without socialism. He also writes confidently of the "Keynesian Revolution", as if it were a movement which had irreversibly transformed understanding, and he evidently intends no *irony* in describing Keynes as "the saviour."

In the long run, Keynes wrote, ideas are more powerful than vested interests. "Practical men, who believe themselves to be quite exempt from any intellectual influences are usually the slaves of some defunct economist." He had in mind his Victorian predecessors who naively believed, against the evidence, that economies tend towards full employment and equilibrium if left to market forces. We will see in next week's Autumn Statement whether the defunct Keynes can help us from beyond the grave.

Dream turned to fiction

***Anthony Curtis** enters the private world of Graham Greene*

"I CAN only express a hope that readers of this book will put themselves in my difficult situation and treat me with indulgence, and, further, that anyone who finds any sort of reference to himself in my dreams may be willing to grant me the right of freedom of thought – in my dream-life, if nowhere else".

That was Freud speaking – in the preface to the first edition of *The Interpretation of Dreams* (1900) – and his sentiments are echoed by Graham Greene in this selection from Greene's dream journals. The choice of extracts was carefully made and ordered by Greene in the last few months of his life. Like Freud, and ever mindful of frontiers, Greene explains in his introduction that he felt a blessed sense of release in crossing from what he called the Common World to that private self-centred world – *A World of My Own* as this little volume is titled – the world of the sleeping dreamer.

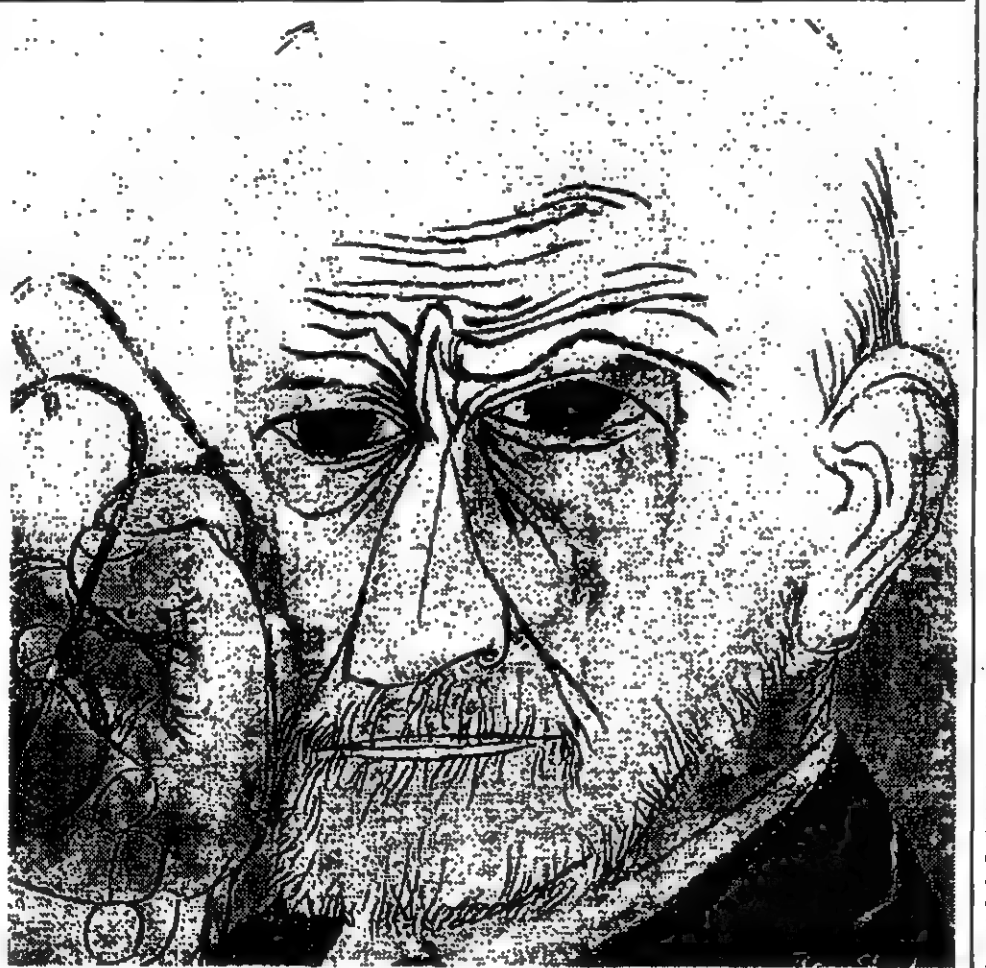
A WORLD OF MY OWN: A DREAM DIARY
by Graham Greene
Reinhardt Books £12.99, 116 pages

Readers of Norman Sherry's first volume of *The Life of Graham Greene* will remember the chapter "Psychoanalyzed" where it was revealed that after his nervous breakdown, provoked by his sufferings as a public schoolboy, Greene underwent a course of analysis from Kenneth Richmond. Although basically a Jungian, Richmond believed in making his patients recall their dreams. If a patient had no dream to recount during a session he or she was asked to invent one. What better training could there have been for a future novelist?

The result was that Greene began to keep dream diaries. None of these early diaries has survived but accounts of some of his dreams have. We read in Sherry of a Princess of Time with a troop of black-skinned girls who haunted Greene's sleep; and of nightmares involving sinister Chinese agents from whom Greene took refuge in a hut with an armed detective. The schoolboy crisis passed, but left its mark as Greene matured into a novelist with a highly developed sense of narrative. The nightmares were re-cycled as plots, especially the one about a man on the run, the obsession with pursuit. Through constant creative distillation into fiction, they were ultimately exorcised.

But the habit of recording his dreams remained and itself became a kind of obsession. Greene suffered, unnecessarily, from the recurring fear of many novelists that he would one day run out of material, and he clearly felt that no potential source should be neglected. His companion Yvonne Cloetta, to whom he bequeathed the task of seeing the book through the press, writes in a foreword: "...he always had a pencil and paper at hand on his bedside table so that when he awoke from a dream, which happened four or five times a night, he could jot down key words that in the morning would allow him to reconstruct it".

Although there are still elements of terror, it is often as a bland, urbane, traveller to foreign parts, a remorseless globe-trotter that Greene emerges here. Greene the adult dreamer seems not so much a defenceless quarry being pursued by evil forces, but himself a pursuer – a latter-day Stephen Crane – hot on their trail.



The right to freedom of thought in dreamlife if nowhere else: portrait of Freud by Ben Shahn

The dreamer frequently hobnobs with politicians and world-leaders – Edward Heath, Mitterand, Castro, Yuri Andropov, Ho Chi Minh, even Oliver Cromwell – and he speaks his mind to them freely. He bandies words, for instance, with Khrushchev at a banquet in one of those dream exchanges that seem wittier at the time than in the cold light of day.

As one might expect, religion is a frequent presence. Greene goes for a stroll around the Vatican garden in 1984 with John Paul II who was "in turn very amiable and then very impatient". That might, surely, be from real life. More in the realm of fantasy but highly revealing, was the dream in 1973 when Greene read in a newspaper that he had been appointed Archbishop of Westminster. "I knew that I was quite unsuitable, but all the same I was rather attracted by the idea of taking part in some royal occasion a few days later, with the Archbishop of Canterbury".

The dreamer regularly upstages everyone he meets, however eminent. It seems only natural that the contemporary theatre with which Greene had a love-hate relation should be another frequent source of dream-encounters. He was fascinated by a convivial figure like Ralph Richardson, wondering went on behind the façade of bonhomie. Charlie Chaplin, Peter Ustinov, Paul Scofield, Michael Meyer, and Peter Glenville, who directed Greene's plays, are all here. Farce frequently obtrudes, as in a dream about the performance of a play called *The Game of Croquet* in which Scofield slices a ball into the stalls, blooding a member of the audience in one eye.

The work, containing quite a few laughs of that kind, is by no means the most significant book in the Greene canon; even so it contains a side of him not to be found elsewhere.

Immigrant returns

IN *African Laughter* Doris Lessing goes home – to Zimbabwe, as Rhodesia became in 1980. She had not been allowed back for a quarter of a century because she was a "P.I." – a Prohibited Immigrant to her own country! – but with "Independence" this nonsense fell aside and in this book she describes the four visits she has made since then. To anyone with the faintest interest in, or knowledge of, Southern Africa, it is an engrossing and fascinating record.

It is a long book of artful simplicity. On each trip she arrives, travels, describes, analyses and, sometimes, judges. She loves her country, of course, and the most moving sequences are those in which she returns, first in reminiscence and conversation, and at last apprehensively in person, to the childhood farm of *The Grass is Singing*. "We lived in Eden and didn't know it", she and her brother agree.

AFRICAN LAUGHTER: FOUR VISITS TO ZIMBABWE
by Doris Lessing
HarperCollins £16.99, 442 pages

Today there is no shortage of serpents in Zimbabwe, and one recurrent theme is her need to balance her instinctive (almost patriotic) optimism for Zimbabwe with her honest admission that so much is going wrong; in particular, she does not fudge the issue of corruption among the new ruling class.

We start in 1982 with a country still recovering from a savage inter-racial war: the people are "sick". By 1988 – the longest section – the war is a fading memory as she roams the country, meeting everyone. In this visit we glimpse a country coming to terms with corruption, the falling-short of the original utopian expectations.

By 1992, briefly, we are beyond corruption, and stupid economic policies, and land hunger, and unemployment, and even AIDS (which may kill one million out of nine million before the 2000) – "Southern Africa is drying up, that's the news. That is the only news." Are the rains going to come in November?

And will Mrs Lessing, after this wise and candid book, be a P.I. for the second time?

J.D.F. Jones

Fiction

Devious tricks with the thriller genre

PAUL AUSTER'S new novel – his seventh in eight years – epitomises the genre of the highly literate and literary thriller which he has virtually invented. The short novels of *The New York Trilogy*, published in this country in 1987, and with which he made his name, play devious tricks with the conventions of detective fiction, exploring a shadowy ground on which a novel's narrator becomes indistinguishable from a private eye, and characters' names assume surreal significance.

References to the classics of American literature – Melville, Thoreau, Whitman and, most notably in this case, Hawthorne – are repeatedly worked into the texture; and it has frequently been suggested that Auster's work convincingly assimilates the existential scenarios of Kafka and Beckett to traditional American realism.

Auster's subsequently published books – with the exception of his curiously inert, sub-Beckettian poems – use the trilogy's distinctive straight-talking, confiding and inviting authorial voice, and similarly exploit techniques of suspense to unusual and decidedly literate ends. Arguably his most appealing book, the apparently non-fictional memoirs of *The Invention of Solitude* (published here in 1988) is quite as suspenseful as the novels, and reveals the detective quest as a primary psychological source for this author – who only unearthed the fact that his grandmother murdered his grandfather as the result of a very unlikely coincidence and a great deal of sleuthing.

For Auster the workings of chance – those weird Jungian synchronicities we all know so well and on which he built his "Book of Memory", the second part of *The Invention of Solitude* – have much more exalted status than that of cogs and wheels for the mechanism of a mystery novel, but they do serve very nicely as that. The complex plot of *Leviathan* is neatly articulated by a series of amazing coincidences which, separately from their relevance to the novel, Auster invites us to consider as a metaphor for the labyrinthine unknowability of all our lives; and, in his submission, the more thickly the coincidences are laid on, the more essentially true to life the book becomes. The novelist-narrator Peter Aaron (he shares initials, profession, and much else with the author) observes at the point of tightest-screwed coincidence: "No matter how wild we think our inventions might be, they can never match the unpredictability of what the real world continually spews forth."

LEVIATHAN
by Paul Auster
Faber £14.99, 245 pages

But after finishing the novel, formidably entertaining though it is, one may not escape the thought that there is no need for a writer to take part in such a competition. For all the interest of its themes – the Hobbesian title and Emersonian epigraph point to the book's preoccupation with anatomising the American body politic; the fascination of characters like the tall, bony, sexual Maria, conceptual life-artist and Austerian "goddess of the unpredictable"; and the central figure, Benjamin Sachs, who blows himself up in the novel's first sentence and for whose strange career as novelist-turned-pseudo-terrorist the narrative is a tense apology – *Leviathan* does not offer the deeper satisfactions of literature. Those of the more solidly factual *Invention of Solitude* are deeper, and that book invites re-reading and pondering in a way that is as impossible for this one as it is for thrillers in general, once the final twist is known. Auster is sunk in the end by the vessel he has commandeered.

Paul Driver

Patients with talent

WOMEN were crucial to Freud's life and work. His earliest women patients effectively invented psychoanalysis, and the psychoanalytic profession owed its rise, spread, and in time some of its most decisive transformations, to women who began as Freud's patients and later became analysts in their own right.

The story is absorbingly told by John Forrester and Lisa Appignanesi, who marry an illuminating and highly readable "psychobiography" of Freud with an account of the development of his theories. The women who figure large in Freud's life each get their own skilfully wrought biographical sketches. The closing chapters contain a discussion of Freud's views on women and women's views on Freud, particularly the recent all-out attack on psychoanalysis mounted by feminism.

The book's careful tapestry of biographical and expository concerns are nimbly woven. It is one of those rare productions: a book hard to put down. But undoubtedly some of it – principally, the authors' analysis of Freud himself – will provoke controversy, especially within and among the quarrelsome tribes of Freudians, Kleinians and other descendants of the master. Even an amateur reader, of the sort occasionally apt to gasp at Freudian absurdities, can detect the authors' provocative stance.

For example: Freud recalled, during self-analysis, a childhood incident in which he snatched flowers from a girl. "To take flowers from a girl," he mused, "means to deflower her". For Forrester and Appignanesi defloration becomes a key metaphor for analysis itself; analysis is penetration to depths beyond a veil of innocence. Whether one agrees with their placing of emphases here and in other cases important for understanding Freud, the tale they tell is riveting.

Two of the most significant women in Freud's life, his mother and his wife, are dim presences in the book. This is not the authors' choice. Freud hid his mother behind a screen of sincere but nevertheless conventional filial respect. His wife is hidden too, but this time behind an absurd embargo on the Freud papers which seals them from view for another century. But their shadowiness is more than compensated by the striking presence in the book of other extraordinary women, who in different ways transformed psychoanalysis from an oddity on the medical fringe to an explosive force in 20th century consciousness.

FREUD'S WOMEN
by Lisa Appignanesi and John Forrester
Weidenfeld & Nicolson £25, 563 pages

Freud always claimed that psychoanalysis was invented by his colleague Josef Breuer while treating a wealthy and beautiful young hysteric. This was Bertha Pappenheim, who effectively created her own therapy in the form of the "talking cure". Freud's experience with the woman he called his "teacher", Anna von Lieben, confirmed this therapeutic possibility. Anna was his patient for six years, and taught him that it takes a talented patient to make a talented analyst.

These early patients helped establish the technique of analysis. The theory emerged more slowly. Its painful growth is reflected in the different paths from Freud's couch taken by women as variously brilliant as Helene Deutsch and Lou Andreas-Salomé when they became analysts in their own right. A salient example is Princess Marie Bonaparte, who established Freudianism in France. Great-grand-niece of Napoleon and hugely rich, Marie came to be called "Freud-a-dit" ("Freud said..") by French analysts, and engaged in famous battles with Jacques Lacan over Freud's legacy.

Freud sometimes likened himself to King Lear. In a major respect the comparison is apt, for his youngest daughter Anna proved crucial both to him and his cause. Although her differences with Melanie Klein over child analysis caused a major split in the analytic movement, Anna's tireless loyalty was central to the defence of Freudian orthodoxy against powerful voices of later dissent and criticism.

In recent decades Freud has been the target of swingeing attacks by feminists scornful of his claims that girls suffer "penis-envy" and that vaginal orgasm supersedes clitoral orgasm in the mature woman.

Nevertheless, Freud's thought was a major factor in the openness which gave feminism renewed impetus in the 20th century. For this, and for the many ways in which his thought has illuminated the inner human landscape, Freud's achievement is astonishing. By locating it in the pivotal setting of his relations with women Forrester and Appignanesi have added hugely to our understanding of the man and his achievement.

A.C. Grayling

ARTS

Off the Wall/Antony Thorncroft

How to juggle artistically with money

THE ARTS world should Expect nothing in the way of extra Government funding in 1993-94: that will ensure that it is not disappointed. The rumours from Whitehall are depressing, with the new Heritage Secretary, Peter Brooke, being asked initially to report on the consequences of actual cuts in his budget.

The comparative smallness of his empire, with largesse this year totalling £931m, plus yet to be determined running costs for the expanded department, may work in his favour – any savings would not be worth the hassle. But arts companies will be lucky to get away with frozen grants in 1993. They were promised a 3.5 per cent increase under three year funding, (former Minister Richard Luce's innovation which was to take the uncertainty out of the future), but that was only a planning figure, and since the arts has received increases in the past two years way ahead of the three year plan, it can hardly complain if the cards fall the wrong way this time.

Peter Brooke will have some freedom to distribute funds around his new conglomerate

Peter Brooke will have some freedom to distribute funds around his new conglomerate. This year his main clients were the performing arts, financed through the Arts Council, which got £236m; museums and galleries which took £214m; the heritage with £199m; and libraries with £141m. Brooke could switch heritage money, especially from unorganised areas like the Royal Parks, to the performing arts. There could also be less allocated to the new British Library, which seems to be out of favour with the government.

But the easiest fudge could be over running costs. Nobody knows how much it will cost to run the enlarged Heritage department which will move into a new home next year. A few millions saved here could ensure that the major arts organisations do not suffer real cuts in their grants.

★

This week the British Phonographic Industry held a celebratory dinner for its director John Deacon which raised £300,000 for charity. It was the kind of thing the record industry does well: the internecine battles between record companies; between companies and artists; and artists and managers hidden beneath well lubricated bonhomie.

And Deacon deserves a tribute for making the BPI one of the most effective lobbyists in the UK, even if the Government still fails to acknowledge that pop music has been the most lucrative British export market of the last 30 years, with one in five of every record sold in the world containing a bit of Britain in its make up. Why no knighthood for Cliff?.

The record industry is amazing for the continuity which survives all the changes. Retail outlets may shrink to less than 1,000; the hardware gets so refined that the day fast approaches when anyone can summon into their home the music they want at that moment; the software metamorphoses within five years, yet the same few companies – EMI, Phonogram, Warner, and CBS-Sony – stay supreme, with two thirds of sales.

This year the old vinyl LP will virtually disappear – only 10m were sold in 1991 and it is fading fast, while the CD has jumped 20m in two years to top 66m. The single is on a slower decline, but it now only requires sales of 6,000 to make the pop charts.

Deacon takes a pragmatic view of it all, and sees sales of pop music set to rise, not because the songs are getting better but because the number of teenagers is on the increase. In contrast the much trumpeted revival in classics could already be faltering. Traditionally classical music held just over 7 per cent of the market and the record companies largely ignored it. Then came Pavarotti and Nigel Kennedy and sales rose to 12 per cent. This year they are down to 11 per cent.

But as the number of teenagers is set to rise so are the ranks of pensioners. It could be that the rock revival albums that currently dominate the charts will fade as the middle aged swingers fall off their purchasing perches.

★

It takes some imagination to see Jersey as a rival to Geneva as the main European auction centre for top quality jewels. But Bonhams, the smallest but cheekiest of the London salerooms, has managed the jump. It held a sale there this week and found buyers prepared to pay up to £77,000 for an emerald and diamond ring.

The attraction is that you pay no VAT in the Channel Islands. With London's position as the world's leading art mart under threat from EC tax hounds, anxious to impose VAT on art works imported there for sale, the Islands could suddenly be the perfect off-shore haven. Not that Bonhams has yet proved the point: half its jewels sale was unsold.

But it is trying again on November 16, this time with a house sale on Guernsey. Antiques dealer Peter Heraty so loved his new home in St Peter Port that he has beggared himself furnishing it. As a result he is forced to sell the contents, and virtually squat. Being a dealer the mainly Georgian furniture is of impeccable taste; being Irish it is also slightly oddball. The £300,000 estimate seems modest.

An imperial triumph: the Barberini ivory

Brilliant Byzantium

There is more to Byzantine art than icons and mosaics says ***Patricia Morison***

THE LOUVRE has done it again. A year after exhibiting the treasures from the abbey of Saint-Denis, *Byzance* is another show which anyone who cares for the middle ages simply must try to see. Lucky indeed will be those visitors who can pick up almost where they left off, immersed in contemplating artifacts which according to the taste of our medieval ancestors were the most precious human hands could make.

Two things are going on in this exhibition. On the one hand, it is a chronological survey of a thousand years of Byzantine art, illustrating the high peaks of its achievement between the Later Roman Empire and the Fall of Constantinople to the Turks in 1453. And of course, it is absolutely right that the first object you encounter in this superbly lit, impeccably designed show, is a little agate cameo bust of Constantine.

Here is a virtually mass-produced image of the youthful commander who was the first Christian Emperor and founder of the Eternal City on the shores of the Bosphorus. In style, this little treasure returns to the classical manner after the thick-set brutalism of third-century fashion which, from Gibbon to Berenson, gave such a bad name to Later Roman art.

Constant turning back to classical inspiration is a dominant theme of the exhibition, as time and again Byzantine craftsmen provided courtly patrons with an art refreshed by copying and adapting pagan beauties. Carving hardstone, a skill which was apparently lost under the century of Iconoclasm, was revived under the reign of the great Macedonian emperors.

The central rooms are filled with manuscripts, carved ivory caskets and plaques, jewellery and silks made from this great period of Byzantine art which stretched from the later 9th to the 12th centuries. Their exquisite craftsmanship and also the mixture of sacred and secular themes will surely for many visitors be a revelation – there is, after all, so much more to Byzantine art than mosaics and icons.

However, there is something even more absorbing about this exhibition. As with the Saint-Denis show, the question that proposes itself over and over again is, by what means did each of these treasures find their way west? Each of the 400 exhibits has been borrowed from "French public collections" – the Louvre itself, of course, being the major source. But in the majority of cases, the museums are themselves heirs to the cathedrals and abbeys of the pre-Revolutionary era. Some exhibits, such as the extraordinary Holy Shrine from Sens, the miraculous 15th-century icon of Our Lady from Cambrai, and the silks used to wrap holy relics, still belong to churches.

From Rheims cathedral comes something which, to my mind, is one of the most affecting survivals of the entire middle ages; a cushion of Byzantine silk embroidered, as the gold threads spell out, by Alpaidis, a 9th-century princess, to pillow the "sweet and blessed head" of St Rémi. The saint's winding-cloth, a length of wine-red samite the size of a sheet, still has the opulent shimmer of the silks which Byzantine court official wore. What more fitting to wrap the bones of the saint who baptised Clovis, the "new Constantine" of barbarian Gaul?

Look at the bust of Constantine again, and at once it is clear that a medieval goldsmith has been up to the usual game of bending and bodging prestigious remnants of Rome. In the late 14th century, with gold and enamels, the cameo was made into a staff for an ecclesiastical dignitary serving at the Sainte-Chapelle in Paris. One outstretched hand holds a crudely twisted circle of metal, representing the Crown of Thorns. And where did that numinous object come from? From Constantinople, purchased at a crippling price by St Louis, king of France, who actually built the Sainte-Chapelle to provide the fit setting for his fabulous purchase.

We meet the acquisitive St Louis later in the exhibition, as purchaser of a reliquary made of gold actually in Byzantium. In low relief the figures are shown of the angel appearing to the Holy Marys at the empty tomb. "With what brilliance did the angel appear to the women!", proclaims the inscription. For centuries, the brilliance of Byzantine court art gave western kings and nobles a kind of indigestion, so desperately did they crave the luxury of those effeminate Greeks. In 1204, the Fourth Crusade turned aside and simply swallowed the object of desire.

In this way, a large part of the history of the medieval west could be spelled out from the objects in this memorable show. Sadly, however, objects are labelled with such parsimony (a very French habit) that without the sumptuous and costly catalogue (FFfs 490), you may miss the historical reverberations. So breathe deeply, and buy – the stories it contains are incredibly evocative as the barbarian west bought, smuggled, begged, and ultimately pillaged Constantinople for its treasures.

Daily (not Tuesdays) 10 -22.00; until February 1.

Money-lust to music

In Chicago ***Max Loppert*** *reviews 'McTeague', William Bolomb's first opera*

IS THE American opera entering a boom period? Signs are disparate, and not necessarily indicative of a coherent larger pattern or trend; but certainly, *something* seems to be stirring. New operas are being commissioned by the big houses, put on with flair, and greeted with genuine audience interest and enthusiasm.

The unexpected popular success of Corigliano's *Ghosts of Versailles* at the New York Metropolitan a year ago was the starting point; early last month Philip Glass's Columbus Centenary opera *The Voyage* had a splashy send-off in the same theatre; and at the end of same month, Lyric Opera of Chicago enjoyed a notably warm reception for the unveiling of its first large-scale commissioned opera for 14 years – *McTeague*, music by William Bolcom, libretto by Arnold Weinstein and film director Robert Altman, who also served as the show's producer.

The common factors of all three operas are their largeness of scale, their determination to find audience-wooing ways of blending drama and music, and their lavish production schemes. *McTeague* is the most obviously *American*, in subject matter and in its determination to adopt native accents in the exploration of that subject matter. It is based on Frank Norris's novel (1899) of the same name, a landmark in the development of the country's literary movement; and it tells the Zola-like tale of a physically mighty but slow-witted quack-dentist, brought up in cruel poverty, who briefly achieves domestic bliss and a measure of social status in turn-of-the-century San Francisco and then, falling into a web of greed, intrigue and envy, loses it all.

The theme – the corrosive power of money-lust on personal and social relationships – has in no way lost its sting: reading the book and then encountering the theatre-work against a backdrop of the American election caused all sorts of bells to ring. And, most "American" of all, the composer has attempted to make music-drama by drawing deep on the sound and style of American popular music.

Gershwin (in *Porgy*), Blitzstein (in *Regina*) and Weill (in *Street Scene*) managed to do this, in their very different ways; but more recently the line of succession seemed to have passed to the musicals of Bernstein and Sondheim. Bolcom, an important composer and – as recital pianist for his wife, Joan Morris – performer of American songs, has mingled the categories of "popular" and "serious" throughout; he would seem a promising candidate for the re-establishment of the *Porgy* line.

His two-act, two-hour structure, though "continuous" in its use of orchestral linkage, is a succession of enjoyably bright-pointed numbers – arias, duets and ensembles, often fleshed out in the metres of contemporary popular dance (waltz, rag, cakewalk) when not shaped in more conventional Grand Opera forms, and flavoured by the barber-shop-quartet or cowboy-octet. All this is set within a modern-music frame: long-held cluster-chords, a variety of dissonant orchestral melodramatics and much else drawn – free-handedly but not promiscuously – from the higher altitudes of "serious" opera. The approach is clear-minded: a language of buoyant simplicities to represent the main characters' emotions and aspirations, compromised and gradually stained by the language of their darker sides.

In the richest moment of the opera, this musical duality fixes the turning-point of the plot: the wedding scene of McTeague and Trina, interrupted by the award of her $5,000 lottery prize – a passage of flexibly achieved operatic comedy shaded with dark portents, and here brilliantly realised by the conductor Dennis Russell Davies and the Lyric Opera orchestra.

This is, one remembers, a first opera, and its weaknesses are condign: lack of steady dramatic development, lack of narrative clarity, plethora of Good Ideas that in practice prove to be not quite so good. The back-and-forth of flashback device is cumbersome, the expanded treatment of Norris's Mexican maid Maria as a comic nemesis figure likewise. And, given Bolcom's imaginative resourcefulness in placing his dramatic layers, it is odd how impermanently the melodic writing imprints the characters on our consciousness.

McTeague seems to me an opera of moments – but beguiling ones, at least. I wonder, though, whether a sparer, defter production style might have altered the impression; Altman's was gauze-ridden, part deliquescently abstract and part atmospherically "period", and surprisingly lumbering. – Russian set-designer Yury Kuper had risked too many ambitious scene-changes with all their noise and clutter.

The strongest advocates for the show, apart from Davies, were the cast, large in number and superlatively "in the skin" of the drama – for this Altman no doubt deserves a share of praise as well. They were led by the baritone Timothy Nolen (a smooth-voiced, subtly dapper agent of doom), the soprano Catherine Malfitano (singing with dark lustre, moving from Trina's youthful freshness to her miserly obsessiveness in finely graded stages), and the tenor Ben Heppner in the title role.

I proclaimed the beauties of Heppner's 1988 Melbourne Bacchus and 1990 Scala Walther to the skies. In music that needs Wagnerian power, Straussian high notes and a different sort of rhythm- and interval-etching agility, he proved himself a magnificently clean, ringing-voiced singer; in addition, he brought to the central character a tremendous physical presence. To say it is all but impossible to imagine *McTeague* without him is to suggest the splendour of Heppner's performance, and also, to a degree, the limitations of the work itself.

In repertory at the Civic Center Opera, Chicago, throughout November

Lost demons of Mexico

Gerald Cadogan *bemoans a missed opportunity*

MEXICO and Tibet, at the Hayward Gallery and the Royal Academy, are a startling contrast. Both are superb displays, and both set out to reveal art most of us know nothing of. But The Ancient Art of Mexico is a huge disappointment.

I left angry and sad. The dramatically lit sculptures, with tongue-twister names and a powerful sense of forces ruling human lives that humans cannot control, are exciting works of art. And it was fun – if hardly news – to see them influencing Henry Moore. It was also interesting to learn that early this century in the Mexican Revolution people turned to these native demons when they rejected Spain and Christianity, settling the score with the conquistadors who had destroyed hundreds of pagan temples and thousands of statues in 1521. This is the background to Graham Greene's *The Power and the Glory.*

'The plaques and labels say almost nothing about the societies that made this art and what it meant to them – which leaves it meaning nothing to us'

But at the Hayward these demons are completely without context. It is a long time since I have seen a show of works that really mattered for another country made to look so trivial by western dilettante complacency. The plaques and labels say almost nothing about the societies that made this art, and what it meant to them – which leaves it meaning nothing to us.

Perhaps it is all in the catalogue, but that is expensive. It is in the exhibition we want to learn about the harsh regimes behind the art. How does the sculpture tie in with the ritual ball games played in "ball-courts" when the fate of sacrifice awaited the losers? What did people eat? How advanced was their technology? What were ordinary houses like? And, most importantly for this show, what are the places that have produced these pieces?

The result is inadequate. A dozen slides at the end, of stunning views admittedly, seem an afterthought. There should be lots of them at the beginning so that we see at once where we are and start to relate the art of Mexico to the land and people.

The out of date, cavalier attitude behind this exhibition passed its Sell By date years ago, as a quick visit to the Museum of Mankind could have shown. Nowadays we cannot divorce art from country and society. If I were Mexican, I should be sorry to think how little of Mexico this show puts over, marvellous though the pieces are.

But if I were Tibetan, I should be delighted. *Wisdom and Compassion – The Sacred Art of Tibet* starts straight off with the geography, and the people and their Buddhism. A film fills the gaps in the picture. The labels are packed with information, telling us what the hand gestures of Buddha mean, and about the different beings in the holy world of this quietist religion.

All the Tibetan materials are identified. (I learnt that many of the statues are of gilt brass.) In Mexico, unless it is semi-precious stone for small objects, the labels just say "stone" and not which stone. If they told us that, we could learn how the tribes favoured different stones, and traded in them, and the magical powers they had. In the most literal way that would tell us how the early Mexicans coped with their environment and made holy art from it.

Radio/B.A. Young

A timely dig at American politics

WHAT could be more apt, on the eve of this bizarre American Presidential election, than Ira and George Gershwins' musical, *Of Thee of I Sing*? The book, by George S. Kaufman and Morris Ryskind, mocks every kind of American political belief. John P. Wintergreen, the chosen candidate, is pressed for issues. "In the first four years," he is told, "you don't do anything except try to get re-elected," but a chambermaid says what is most important to her: money. And love. So Wintergreen has to fall in love; more, he has to marry Diana Devereux, the winner of the Miss America pageant. Unluckily, he falls in love with a non-contestant, Mary Turner, who wins him with her corn-muffins.

Wintergreen is to be impeached for his disloyalty to Diana, but when Mary has twins, impeachment is forgotten. Kaufman and Ryskind come out better than the Gershwins; even the theme song "Of thee I sing, baby" (from which Kaufman tried unsuccessfully to scrub the "baby") is hardly a chart-buster. But amiable fun is made of American affairs, and the Chicago production by the National Radio Theatre, directed by Yuri Rasovski, was fine. The first President to be elected after the 1931-2 Broadway run was Franklyn Roosevelt, so the mockery did no harm.

To mark European Drug Prevention Week in a fortnight's time, Radio 1 is to collaborate with Radio 5 in a warning against solvents. Meanwhile, on Radio 4's uncharacteristic *Drunk* last Sunday, Professor Laurie Taylor took three average drinkers, in their late 20s, from a Paisley bar to an "Intoxication Workshop" at Paisley College. They were given a series of double vodkas-and-orange and their reactions tested after each – memorising numbers, reading tongue-twisters and so on, their speech and other reactions observed. Tall Hugh, after four vodkas, besides the pint-and-a-half of lager he had at the pub, was still legally fit to drive, whereas short Vic and female Jackie were over the limit after three, and happy to go on drinking after four. All three united at the end in singing "Paper rose". We should have been told the conclusions.

Back to Radio 3. In its current series of plays from the 1960s, last Sunday it gave David Halliwell's *Little Malcolm and His Struggle against the Eunuchs*, which won him the *Evening Standard* Award for most promising playwright in 1966. Malcolm, sacked from his art college in Huddersfield, plans revenge on the principal. He and some fellow-students will kidnap him, steal a famous picture from the city's art gallery (Stanley Spencer's *Garden at Cookham Rise*) and compel him to destroy it, so revealing his real contempt for art.

But Malcolm also plans to launch a Nazi-type political party, the Dynamic Erection Party, dedicated to the end of discipline, though to little else. In the event, despite his brave talk, he lacks the guts to make his effort; the only action is the wretched beating-up of his girl by his mates, and the party dissolves itself. What we liked at the time was the satirical vigour of the talk – though my diary said we needed rather less of it, and now says so again.

As well as a terrific Malcolm from John Hurt, the original company included Halliwell himself and Philip Martin, here the director, so Sunday's authenticity is guaranteed. The later, more active, scenes came over better than the early "political" parts, but I liked it all, even if some reminiscence was involved. David Streames was a decent Malcolm, but the young chaps' voices all had much the same quality.

Oh! What a carry on up the Nile

***Malcolm Rutherford** on two new productions at Stratford-upon-Avon*

ANTONY AND *Cleopatra* is an uneven play at the best of times. It contains some of the most magnificent lines of poetic drama written by Shakespeare and – because of the poetry – the two central characters have huge potential stature. Some of the best lines extend to their aides, Enobarbus and Charmian. But apart from that, there are a lot of dreary battle scenes and there is not much to be said for the bulk of the Romans. Who remembers parts like Scarus and Tarus?

To play it as a drunken romp is therefore perverse. John Caird's production at Stratford starts badly and improves only in the final 15 minutes. The opening set looks like *Son et Lumière* at the Sphinx. And if the set is weak, the costumes are worse. This Roman-Egyptian ragbag could have come out of a dressing up box kept in the attic in case somebody wanted to play charades. Antony (Richard Johnson) is an ageing, lecherous slob. Cleopatra (Clare Higgins) looks like a slut until she puts on her robes after Antony's death and has her immortal longings.

I know that there is some justification for this in the text. Cleopatra is referred to as a gypsy and Antony is clearly past his best. On the other hand, this is not the *Antony and Cleopatra* that we know and love. It is scarcely conceivable that a couple so sordid could speak the beautiful lines that they are entrusted with. To be fair to them, they do not always try. Most of the poetry is thrown away. When Antony says "The long day's task is done", he speaks as if he were Winston Churchill with a cigar in his mouth.

Paul Jesson as Enobarbus also suffers. He is a dull man with a beard. When he makes his best-known speech ("the barge she sat in"), it seems wholly out of character and one wonders what it is doing in a production like this.

We should not blame the actors. This is director's theatre and presumably Caird took a decision to play up the weaknesses rather than the strengths. There is no sense of the Roman machine, toy battles predominate and Rome seems as drunk as Egypt. The Roman banquet is played like a seedy Boat Night supper. Again, that possibility is in the text, but is hardly a central theme.

This *Antony and Cleopatra* reminds me of a new play I saw in London earlier in the week: Keith Waterhouse's *Our Song* starring Peter O'Toole. They have the same subject: a man over the top falling for a younger mysterious, wayward girl. It is to that level that Caird has reduced *Antony and Cleopatra*. Someone in the RSC should have warned him early on that he was going too far in the wrong direction.

Meanwhile, at the RSC's Other Place in Stratford was the premiere of *School of Night* by Peter Whelan. This struck me as over-ambitious even for so promising a playwright, mainly because Whelan is trying to do too much at once.

At one level there is a lot of fun and games between Shakespeare, Christopher Marlowe and Thomas Kyd of the *Revenger's Tragedy* and it is amusing to pick up the literary and biographical references. At another, he is demonstrating that England, far from going through a golden age in the last decade of Queen Elizabeth I, was more akin to a police state. Nothing wrong with that: there is a good deal of evidence to support his thesis and Whelan, we know from his *Bright and Bold Design* at The Pit last year, is well versed in political history and theory.

Alastair Muir

Rome seemed as drunk as Egypt: Clare Higgins and Richard Johnson as 'Antony and Cleopatra'

At the same time, *School of Night* is presented as a thriller. As such, it is mediocre and obscure. The biggest failing, however, comes from showing Marlowe as a Faustus figure believing in Dog not God, leading to lines like "Dog help me" and "Dog Almighty". These scenes are embarrassingly bad and get in the way. The more interesting failing is the attempt to have a dialogue between Marlowe and Shakespeare on how, while admiring each other's work, they had different aims as playwrights. This dialogue is never properly joined and it is unclear to me what Whelan is seeking to say. Nevertheless, his work is worth watching.

School of Night is directed by Bill Alexander and Marlowe is played by Richard McCabe who would find the task easier if Whelan had made up his mind about what sort of character he was. Sometimes it seems that this Marlowe was simply over-impressed by clever people at Cambridge.

Video/Nigel Andrews

High Gothic and lethal women

A WEEK ago, the trauma of Halloween. Two days ago, the terror of Guy Fawkes. Forty shopping days hence – Christmas.

At this time of year, when we are all at screaming point, entertainment retailers take advantage. Horror is the style of the season and this year the world is turning Gothic even as we speak. A tide of vampire films is being readied for release across the Atlantic. And on video a flood of *grand guignol*, ancient and modern, laps at our feet in this month's releases.

If you like your Gothic strong and self-parodic, you should try *The Addams Family* (CIC). This is the hit movie of the TV series with Anjelica Huston as "Morticia", crunching her one-liners like edible bats. The wit is variable, but the sets and gewgaws are irresistible.

The film also pinpoints a post-feminist trend. Look at all the modern scream movies in which *women* are the ghouls or evil genii. The unholy trinity of *Final Analysis* (Warner), *Fatal Attraction* (CIC) and *Basic Instinct* (Guild) makes the point thrice over. Trend-sensitive Hollywood, anxious to tap into all those frayed male nerves in the age of Steinem and Millett and Dworkin, hath no fury more lucrative than a woman scorned.

Here they are: Glenn Close wielding a kitchen knife in *Fatal Attraction*, Kim Basinger a murderous dumb-bell in *Final Analysis*, Sharon Stone an ice-pick in *Basic Instinct*.

Fatal women, of course, are not new: they merely seem new each time they return to our screens reborn in a new *zeitgeist*. The cinema's first great slayer-siren was surely Marlene Dietrich in *The Blue Angel*, eating up Professor Emil Jannings in the Sternberg masterpiece now reissued by Aikman Archive Video.

This company also gives us Fritz Lang's *Metropolis*, in a 139-minute version claimed as the most complete available. Lang's futurist-Gothic epic, with its spectacular special-effect cityscapes, also has its own sci-fi version of fatal femininity: Brigitte Helm's robot-enchantress, brought to life in the greatest "mad scientist" scene before *Frankenstein*.

Not all in November is high Gothic and lethal women. Two encouraging areas in which the video market is expanding are art films and wide-screen films. Movies like Bille August's Cannes prize-winning *The Best Intentions* (Artificial Eye), with its majestic Ingmar Bergman script based on the life of his family, or Jocelyn Moorhouse's witty fable of a blind photographer *Proof* (Artificial Eye), or Lars Von Trier's eye-boggling essay in Euro-baroque *Europa* (Electric) bounce from festival to cinema release to video availability in three blinks of an eye.

As for widescreen films issued in their proper format – "letter-boxed" for TV's squarer screen – their multiplying availability is music to purist's ears. Tartan Video is a new company fearlessly blacking out the tops and bottoms of screens so that in John Huston's *Reflections In A Golden Eye* (Taylor and Brando going charismatically mad in the Deep South) or Jerry Schatzberg's *Honeysuckle Rose* (Willie Nelson in a twangling road musical) or John Milius's *Big Wednesday* (surfing and rites of passage in modern Malibu), we can enjoy compositions as wide, true and felicitous as a Cheshire Cat's grin.

You may of course wish to partake in the odd grin yourself: not an easy request in the comedy-deprived weeks after Halloween. But there *is* the *Charlie Chaplin Collection* (Fox). With the cheeky chappie about to bound onto our screens in Richard Attenborough's bio-pic, here is the real cane-twirling, baggy-trousered thing. Four cassettes comprising five films, including *The Great Dictator*, *City Lights* and *Modern Times*: they offer The chance to lock yourself away for six hours from all thoughts of vampires, ghoulies and icepick-wielding ice maidens.

Merchant updated, Seagull transported

***Andrew St George** reviews Shakespeare and Chekhov in Manchester*

DISRAELI was right: "The age of Classical ruins is past. Have you seen Manchester?" Dizzy might not have enjoyed the anti-semitism in *The Merchant of Venice* at Manchester's Library Theatre, but he would have approved the cultural diversity which the production witnesses in the city as a whole.

To walk south on Oxford Road past The Green Room, The Palace Theatre and The Corner House towards the University is to see a mix of theatres, clubs, exhibitions, film, and jazz venues. Off Albert Square sits The Library Theatre, built as a lecture hall in 1934 under the magnificent Central Library (modeled on the British Museum reading room); the lecture-room became a small theatre in 1947.

Chris Honer's steady production places *The Merchant* in 1920s Venice, according to Michael Taylor's deft design, connecting with market speculation and cultural attitudes then current. Anti-semitism excepted, perhaps 1990s Milan would have suited better, particularly since the ratio of public to private debt in Italy and England are inversely proportional. Back in the 1590s, the public world of Shylock's Rialto and the private world of Antonio's indebtedness meet in court, Jew with knife, Christian with bared breast, the Law looking on.

But the production style misses the mark by going for the *lira*. It lacks the gathered intensity which makes Lorenzo and Jessica one of the most enthralling mixed marriages in Shakespeare. The flash double-breasted suits, panama hats and ticker tape tend to distract from the action; while the Belmont scenes, all flapper-dresses and gramophones, feel semi-detached. After all, this is a play about anti-semitism.

The fine performances of Peter Whitman as Shylock and Kate Paul as Portia hold the action together. Whitman delivers Shakespeare's careful repetitions with the studied attention of a man doing business while pretending not to, firming the deal by repeating the details: "Three thousand ducats, well." - "Ay, sir, for three months." - "For three months, well." Then later in the scene: "I had forgot, three months, you told me so." Whitman manages to move from that quiet, steely beginning to his state of cold implacability in court.

Opposite him, Paul's Portia handles her affairs with confident dispatch. Her "mercy" speech in court, a special pleading unfamiliar to her, is a rehearsed-spontaneous moment, the indulgence of someone who knows her opponent's inferior hand. Other highlights include David Kelsey's Antonio and Chris Wright's Bassanio, both men about town. David Solomon, doubling as Shylock's friend and Lancelot Gobbo turns in a fine, versatile performance.

Eventually the production settles in court, presenting anti- semitism in its rawest form, with Shylock humiliated, his possessions forfeited, his daughter converted. Perhaps Disraeli should have the last word, addressing the Commons: "Yes, I am a Jew, and when the ancestors of the right honourable gentleman were brutal savages in an unknown island mine were in the temple of Solomon."

*

Chekhov described *The Seagull* as "A comedy – three f., six m., four acts, rural scenery; much talk of literature, little action, five bushels of love." Now The Manchester Contact Theatre Company has cast a gentle Celtic twilight over the play with an adaptation by Thomas Kilroy which transplants Chekhov to Ireland. He does not travel well.

The journey west can be made, as Brian Friel's fine Dublin adaptation of Turgenev's *A Month in The Country* proves. The Moscow-Dublin connection looks plausible, until one compares the claustrophobia of feudal Ireland with the expansiveness of Czarist Russia: distance means yearning, the province a kind of personal isolation. Kilroy's adaptation rewrites the names, throws in a few jokes, and glimmers in the Celtic past.

But whatever the news on Abbey St, Chekhov was not a Dubliner, even if he does however resemble Sean O'Casey. They knew how to make happenings on stage both as complex and as simple as in life. Everything turns on a gesture, a look, a promise: "Perhaps we'll be back next year. Perhaps not."

None of the characters in this *Seagull* feels natural. Each lacks the mess and mystery which Chekhov distills from the vapour of everyday life. In the troubling worlds of *The Cherry Orchard* and *The Three Sisters*, a piece of social banter can also be the cry of torment: insight and knowledge loiter somewhere offstage, but rarely arrive. This *Seagull* has nothing in the wings, as it were.

The production also lacks soul; in the anxiety to make each scene a polished delight, Brigid Larmour's direction disrupts the gentler pace of Chekhov's understanding. The play runs as if she has been reading too many of De Maupassant's *volte-face* tales and not enough of Chekhov's own clever insinuations.

The patchy acting leaves the stronger performances (Maggie Shevlin as Arkadina, Paul Brightwell as Trigorin, and Kate Lonergan as Nina) stranded. The ordinariness of the doctor, the schoolteacher and the local farmers is essential to the play. As Chekhov said, "theatricality is unnecessary. They are all simple, ordinary people." Appearing to act too much mars the atmosphere. The advice which made Clint Eastwood also holds here: "don't just do something, stand there."

The Mercant of Venice is at the Contact Theatre (061 274 4747) and The Seagull at the Library Theatre, Manchester (061 236 7110), both until November 21

Poetry in Performance/Michael Glover

Tempestuous Russian with a lust for life

THE FIRST evening of this year's Poetry International Festival, which opened at the South Bank last weekend, was given over to a centenary celebration of the life and work of one of the most important Russian writers of the 20th century, Marina Tsvetayeva. Of the quartet of great Russian poets of our time – Pasternak, Mandelstam, Akhmatova and Tsvetayeva – Tsvetayeva was for many years the least well known in the west, and the poet who was largely responsible for introducing her work to English-speaking readers, Elaine Feinstein, opened the evening with an account of her life and work.

Tsvetayeva was born in the comfortable bourgeois surroundings of *fin de siècle* Moscow. Her father was an art historian (and the creator of what is now known as the Pushkin Museum) and her mother a gifted pianist. But there was little warmth or gaiety in her childhood; and the relationship with her mother, though intense, was, like Tsvetayeva herself, extremely difficult. The mother inculcated in her precocious daughter a love for German romanticism, and Tsvetayeva's passionate devotion to all things German was to prove a complicating influence upon her difficult later life. "Mother gave us to drink from the opened vein of lyricism," she once wrote.

Her childhood was peripatetic, and her adolescence lonely. In 1912, she met her future husband, Sergey Efron, in the Crimea, and recognised in him a soul mate. He, the child of revolutionaries, had been orphaned. She had just lost her mother. They clung together like children and were to do so for the next 30 years.

It was a relationship of unequals. Tsvetayeva possessed the greater talent and had a ruthless determination to succeed at the task she had set herself of being a poet; Sergey, by comparison, was pallid and indecisive, and proved incapable of supporting his family. They married in 1912.

Before the Revolution, life remained relatively privileged. Tsvetayeva's talents burgeoned into exquisite lyrical poetry with seeming ease, establishing the themes that would be her work's principal obsessions: poetry, Russia and love. She also had innumerable affairs with poets and actors in repeated attempts to slake her "compulsive, feverish lust for life". Sergey, hurt, remained as faithful as a dog.

When the Revolution came, Sergey joined the White army and Tsvetayeva espoused the White cause with fervour – though not for reasons of profound political conviction. She feared the irresponsibility of the crowd, and was never convinced that revolution could be a "purifying force." It was also a humanist's response: sheer horror in the face of all that tragic waste of human life.

Left behind in Moscow, she and her young family suffered the cold and famine of those terrible years. She burnt her books for heat; and travelled into the countryside to barter amber necklaces for scraps of food. Her domestic life was marked by confusion. "The flat," wrote the widow of the poet Mandelstam, "is given over to dust, dirt and decay. There is an atmosphere of witchcraft." The whereabouts of her husband remained unknown for years. One of her children starved to death in an orphanage.

After the Reds triumphed, Tsvetayeva discovered that Sergey had escaped to Prague, where she joined him in 1923. It was no easy decision to leave Russia, no matter how great the hardships. Parting represented a kind of separation of the soul from the body. The Motherland, to the end, remained "an absolute of memory and blood..." The experience proved a trigger for some of her finest poetry.

Then began her 17 years of life as an émigré writer, spent in Berlin, Prague and finally Paris.

The most intense moments of Tsvetayeva's life were lived through her writing – her long and impassioned "mystical marriage" by letter with the poet Boris Pasternak, for example, and the poetry that she never ceased to write. Outwardly, she may have looked slovenly and unkempt. Inwardly, she remained concentrated and resolved.

In 1937, fate played its most heartless card. Sergey was accused of complicity in the murder of a Soviet agent who had refused to return to the USSR. He disappeared – back to the Soviet Union. Tsvetayeva, now branded the wife of a failed agent, followed him.

The last four years resemble the horrid and almost improbably brutal final scenes of a Jacobean tragedy. Sergey was arrested and shot. Her daughter was sentenced to eight years in a labour camp for "espionage". Tsvetayeva hanged herself in August 1941. Earlier in that same day, according to Tsvetayeva's latest biographer in an intimate psychological portrait that will be published next month, Tsvetayeva's spoilt son may have harangued her for ruining his life.

In the second half of the evening, 12 women poets – Wendy Cope, Fleur Adcock, Carol Ann Duffy and others – read in turn their own new translations of Tsvetayeva's poetry, and two Russian readers gave us the same poems in the original versions – and how astonishing was the contrast!

On occasions like this one wonders how it is that English poets ever manage to make great poetry out of a language that can sound as emotionally shy as ours. But then perhaps it is *not* the fault of the language itself; perhaps it is something to do with our national character. Tsvetayeva was a poet of extreme emotionality, and listening to her poems in the Russian is like watching a wrestling match on television – there is rage and violence everywhere; sudden brutal lunges that can win the most hardened listener. Only Mimi Khalvati, a young poet who was born in Tehran, seemed to measure up to the challenge of representing her. When she read her translation of "In Praise of the Rich", a wonderful piece of sustained sarcasm, the emotional shape of the poem – its sudden twists and turns, its hushes and its bellows – became immediately apparent.

The rest of the poets simply lacked the emotional training to go the full distance with this tempestuous Russian.

Tsvetayeva by Victoria Schweitzer will be published by Harvill (£20) at the end of November; *Black Earth*, a new collection of Tsvetayeva translations by Elaine Feinstein, has just been published by the Menard Press (£4.50).

Chess No 948:
1...Rg5! 2 Rxe4 Qc1! 3 Qxc1 Nf2 mate.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football: A review of the week's European action and a preview of the weekend's FA Premier League games. 12.55 Racing from Chepstow: The 1.00 Welsh Brewers Handicap Hurdle. 1.10 News. 1.15 Motor Racing: News from Australia as Nigel Mansell prepares for his final Grand Prix. 1.25 Racing: The 1.30 South Wales Electricity Handicap Chase. 1.40 Netball: England v New Zealand from Wembley. The first of a three-match series. 1.55 Racing: The 2.00 Tote Silver Trophy (H'cap). 2.10 Netball: England v New Zealand. 2.55 Rugby League: Wigan v Carcassone. Live action in the first round of the Regal Trophy. 3.45 Football Half-Times. 3.55 Rugby League: Wigan v Carcassone. 4.35 Rugby Union: Highlights of England v South Africa and Wales v Australia. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Dad's Army.
5.50 Big Break.
6.20 Noel's House Party. Comedian Frank Carson is presented with a Gotcha Oscar.
7.15 Bruce Forsyth's Generation Game.
8.15 Casualty. Julian and Sandra try to keep their affair secret, Duffy worries about the results of her biopsy. Rob tells Sandra to administer penicillin to an asthmatic – causing an allergic reaction which threatens the man's life.
9.05 News and Sport; Weather.
9.25 The Royal British Legion Festival of Remembrance. The Royal Family joins members of the Royal British Legion for the annual event at the Albert Hall.
11.00 Match of the Day. Ray Stubbs introduces highlights from two of the day's top FA Premier League games and goals from the other fixtures.
12.00 Film: Whatever Happened to Aunt Alice? Wealthy widow Geraldine Page maintains her fortune by murdering the servants (1969).
1.40 Weather.
1.45 Close.

BBC2

8.00 Open University. 9.05 Film: Deception. 10.55 The Last Viking? 11.45 So You Want to Play Golf with Peter Alliss. 12.15 pm Film: Gold Diggers of 1933.

1.50 Network East.
2.20 Tanhalyan.
3.00 Film: It Started in Naples. Lawyer Clark Gable visits Naples to settle his dead brother's affairs and falls in love with Sophia Loren (1960).
4.40 Tennis: British Championships. The women's singles final from Telford. Introduced by Barry Davies, with commentary by John Barrett, David Mercer and Virginia Wade.
5.25 Late Again. Highlights from last week's editions of The Late Show.
6.00 Scrutiny. The work of the House of Commons' Select Committees.
6.30 News and Sport; Weather.
6.45 Pole to Pole. Michael Palin has a narrow escape when his Russian ship sails out of Odessa just a few hours before the port is closed. He travels through Egypt, taking in a cricket match and a Greek wedding, on the way to the Sudan.
7.35 Have I Got News for You. Jerry Hayes MP, and Frank Skinner join team captains Ian Hislop and Paul Merton in the comedy news quiz.
8.05 Eye of the Storm. The work of cameramen and women who gather news in the world's war-torn regions. Michael Buerk interviews ten correspondents, including Mohamed Amin, Sue Lloyd Roberts and Nigel Thomson, who risk death to bring pictures of war, disaster and famine to the world.
9.05 Film: The Bedroom Window. Hitchcock-style thriller. Steve Guttenberg reports an assault witnessed by his married lover and finds himself implicated in a series of murders (1987).
10.55 Film: Le Boucher. Vicious murders in a small town are traced to an inoffensive young butcher who is courting the local schoolmistress. With Stephane Audran (1969).(English subtitles).
12.25 Saturday Night Live. New series.
1.00 Close.
3.15 Australian Grand Prix. Live coverage from Adelaide, with commentary by James Hunt and Murray Walker. Continues until 5.30am.

LWT

6.00 TV-am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News and Weather, The Day.
1.15 The Smurfs.
1.25 Highdays and Otherdays. New series. Cooking programme, starting with six dishes made with mince.
2.05 Matlock. Ben investigates the murder of a priest and discovers he kept a secret notebook of suspected indiscretions.
3.00 The A-Team. An unwise car thief bites off more than he can chew when he steals BA's van to break down for spares.
3.55 WCW Worldwide Wrestling.
4.40 ITN News and Results; Weather.
5.00 LWT News; Weather.
5.05 Cartoon Time.
5.20 Beverly Hills 90210. Brenda is assaulted at the Peach Pit and everyone has trouble coming to terms with their feelings about the attack.
6.15 Gladiators. Two would-be supermen from Croydon and Woking, and two wonder women from London challenge the might of the Gladiators in a battle of wits, agility and stamina. Presented by Ulrika Jonsson and John Fashanu.
7.15 Blind Date.
8.15 Beadle's About. Members of the public fall victim to Jeremy's practical jokes when a radical monk goes to a dating agency on a quest for pleasures of the flesh.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Film: Suspect. Legal eagle Cher takes the case of a deaf-mute tramp accused of murder. With the help of juror Dennis Quaid, she uncovers high-level corruption in the courts and puts her career on the line (1987).
11.15 Hale and Pace. In the last programme of the series Billie and Johnnie go rock 'n' rolling, and heavy metal hippies Jed and Dave share anecdotes about their wild days.
11.45 Almost Grown.
12.45 Get Stuffed; ITN News Headlines.
12.50 The Big E.
1.45 Cheap Thrills.
1.50 The Gig followed by Get Stuffed.
2.55 New Music.
3.55 Coach.
4.25 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazzetta Football Italia – With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On – Newswatch 12.30 pm Songs and Memories.

1.00 Four-Mations: Sound. Abstract animations, including an offbeat version of Peter and the Wolf.
1.25 Racing from Doncaster. Including the 1.30 Forte Ladies Stakes Final (H'cap), 2.05 William Hill November Handicap, 2.35 Remembrance Day Stakes and 3.05 Coalite Dragon Stakes. Introduced by Brough Scott.
3.25 Film: Sitting Pretty. Comedy. A self-styled genius (Clifton Webb) gets a babysitting job and writes a best-selling novel about his experiences (1948).
4.55 Four-Mations: Sound. Mr Magoo mistakes a walrus for his friend.
5.05 Brookside. Omnibus edition.
6.30 Right to Reply. Including a viewer's report on the evolution and future of the modern soap opera. Media consultant and soap expert Dorothy Hobson reports from the Eldorado set in Spain, and talks to producer Corinne Hollingsworth, series creator Tony Holland and some of the actors.
7.00 A Week in Politics. Examining the prospects for the Government following Wednesday's vote on the Maastricht Treaty in the Commons. And how will John Major cope with the unpopularity of the council tax and the continuing economic crisis?
8.00 Gérard Depardieu: An Extended Profile. A revealing interview with the French actor to introduce a season of his films. Interviewed at home in the wine-growing heartland of France, Depardieu speaks frankly about his tempestuous youth, his love of wine and his ambitions. Contributors include Kenneth Branagh, biographer Marianne Gray, Geoff Andrews and Jack Lang. Presented by Antoine De Caunes.
9.00 Film: Cyrano de Bergerac. Premiere. Gérard Depardieu stars as the big-nosed ill-fated romantic whose literary talents win the woman of his dreams for another man. Also starring Anne Brochet (1990).(English subtitles).
11.35 Mary Black Live at the Albert Hall.
12.35 The Happening.
1.35 The Word.
2.35 Film: Penny Paradise (1938).
3.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News 1.10 The Life and Times of Grizzly Adams. 2.05 McCloud. Fire (TVM 1976) 5.00 Anglia News and Sport 5.15 Cartoon Time 11.45 Jake and the Fatman.

BORDER:
1.05 Border News. 1.10 Kick Off. 1.30 Sandokan Against the Leopard of Sarawak (1964) 3.00 Granada Sports World 5.00 Border News. 5.15 Sports Results. 11.45 The Getaway.

CENTRAL:
1.05 Central News 1.10 The Life and Times of Grizzly Adams 2.05 Carry On Cruising (1962) 3.45 Cartoon Time 5.00 Central News 5.05 The Central Match – Goals Extra. 9.00 Local Weather. 11.45 Trail of the Pink Panther. (1982)

CHANNEL:
11.30 The Munsters Today. 1.05 Diary Dates. 1.10 TVS Sporting Decade. 1.40 The Perfect Woman. (1978) 3.20 Zorro. 3.45 The A-Team 5.00 Channel News. 5.05 Puffin's Pla(i)ce 5.15 Cartoon. 11.45 The Young Riders.

GRAMPIAN:
1.05 Grampian Headlines 1.10 Calptean Planaid 1.45 The Adventures of Huckleberry Finn. 2.45 The Life and Times of Grizzly Adams. 3.40 Out of Limits. 3.50 WCW Wrestling 5.00 Grampian Headlines. 5.05 Put It in Writing. 11.45 The Getaway. (1972)

GRANADA:
11.30 Zorro. 1.05 Granada News 1.10 Kick Off. 1.30 Sandokan Against the Leopard of Sarawak. (1964) 3.00 Granada Sports World. 5.00 Granada News 5.15 Granada Goals Extra 11.45 The Getaway. (1972)

HTV:
1.05 HTV News 1.10 Life in Danger. (1960) 2.15 Kraft Tour Tennis 2.45 High Tide at Noon (1957) 5.00 HTV News and Sports Results

SCOTTISH:
1.05 Scotland Today. 1.10 Calptean Planaid. 1.40 You're Only Young Twice. (1952) 3.15 Highway to Heaven. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today 5.15 Cartoon Time. 9.00 Scottish Weather. 11.45 Matlock.

TSW:
11.30 The South West Week. 1.05 TSW News. 1.10 Jack Thompson Down Under 1.40 Off the Hook Special. 2.35 Tobruk (1967) 5.00 TSW News. 5.05 Gus Honeybun's Cartoontime. 9.00 TSW Weather. 11.45 The Getaway (1972)

TVS:
11.30 The Munsters Today. 1.05 TVS News. 1.10 TVS Sporting Decade. 1.40 The Perfect Woman. (1978) 3.20 Zorro. 3.45 The A-Team. 5.00 TVS News. 5.15 Cartoon. 11.45 The Young Riders

TYNE TEES:
1.05 Tyne Tees News. 1.10 The Channon and Ball Video Show. 1.40 Motor Sport Special. 2.05 The Princess and the Pirate (1945) 3.45 Baywatch. 5.00 Tyne Tees Saturday 11.50 The Heist. (1971)

ULSTER:
11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 Rocksport. 1.40 Carry On Behind. (1975) 3.20 Movies, Movies, Movies. 3.50 Wrestling. 4.35 Goals of the Day. 5.00 Ulster News 5.05 Saturday Sport. 9.00 Ulster Newstime 11.45 The Getaway (1972)

YORKSHIRE:
11.30 The Munsters Today. 1.05 Calendar News. 1.10 The A-Team. 2.05 The Princess and the Pirate. (1945) 3.45 Baywatch. 5.00 Calendar News. 5.15 Cartoon Time. 11.45 The Heist.

SUNDAY

BBC1

7.10 Australian Grand Prix. 9.10 News. 9.15 The Trojan Mouse. 9.45 Italianissimo. 10.00 See Hear! 10.30 Cenotaph Service. 11.55 My Peace I Give to You.

12.00 Advice Shop.
12.30 CountryFile.
12.55 Weather for the Week Ahead; News.
1.00 On the Record. On the eve of the CBI conference and with the government's economic and industrial policies under fire, Mr Michael Heseltine, President of the Board of Trade, goes "On the Record" with Jonathan Dimbleby.
2.00 EastEnders.
3.00 Eldorado.
3.30 Film: One Born Every Minute. With Michael Sarrazin and George C Scott (1967).
5.10 Cartoon.
5.15 The Clothes Show. Designers Arabella Pollen and Ally Capellino show their spring collections and spectacle-wearers discover a hidden meaning behind their frames.
5.40 The Borrowers. New series.
6.10 Weather Watch.
6.20 News.
6.35 Songs of Praise. Remembrance Sunday special with a visit to Caerphilly in Mid-Glamorgan, where war veterans, their families and local Christians sing hymns and pray for peace. Alan Titchmarsh visits Welsh Guardsmen serving in Northern Ireland.
7.15 Last of the Summer Wine.
7.45 The House of Eliott.
8.40 Birds of a Feather.
9.10 News and Weather.
9.25 Tell Tale Hearts.
10.15 Everyman. The lost history of female priests in the early Christian Church. Recent discoveries of paintings in the catacombs of Rome and inscriptions on a tomb in the house of an Italian aristocrat suggest women played a vital role in early Christianity.
11.05 Doogie Howser, MD.
11.30 Off the Back of a Lorry. How British businessmen have moved into the German market. Mike Scott looks at modern, well-equipped factories which are sold cheaply by the new all-German government.
12.00 The Sky at Night. Patrick Moore visits the summit of Mount Hopkins in Arizona to examine the multiple mirror telescope.
12.20 Tanhalyan. (English subtitles).
1.00 Weather.
1.05 Close.

BBC2

5.30 Film: The Racket. 6.55 Beauty is in the Eye. 7.05 Favourite Walks. 7.30 Felix the Cat. 7.45 Playdays. 8.10 Smoggies! 8.35 Animal Album. 8.50 Orville and Cuddles. 8.55 Bitsa. 9.15 The Legend of Prince Valiant. 9.40 The Wetter the Better. 10.05 Thundercats. 10.30 Uncle Jack and the Dark Side of the Moon. 10.55 Blue Peter Omnibus. 11.45 The O-Zone. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 Staggering Stories of Ferdinand De Bergos.
2.00 Around Westminster.
2.30 Tennis: British Championships. Men's singles final from Telford.
4.20 Australian Grand Prix. Highlights from Adelaide.
5.05 Rugby Special. England B v South Africa from Bristol; Wales B v Australia in Cardiff.
6.05 Travel Show Guides. Carol Smillie explores the city of Naples and Paddy Haycocks visits the ruins of Pompeii and the popular resorts of Sorrento and Capri.
6.35 The Money Programme. The impact of the recession on British manufacturing. Joe Layburn reports as another Confederation of British Industry conference gets underway, with company bosses increasingly convinced the economy will continue its downward spiral.
7.15 Cenotaph Highlights from this morning's parade and service.
8.15 Splendid Hearts. The final programme in the series remembers the innocent people who died in a terrorist attack on Enniskillen five years ago.
8.55 The Realms of the Russian Bear. Preview of the six-part series beginning next Sunday which looks at wildlife in the former Soviet Union.
9.00 City of Strangers. The second of three films about the impact of European immigrants in 1930s Los Angeles. With the darkening political climate in pre-World War 2 Germany, respected film-makers and writers, such as Fritz Lang, Bertolt Brecht and Thomas Mann, journeyed to the USA to create some of cinema and literature's greatest landmarks.
9.45 Building Sights Europe. Hundertwasser Haus, a block of council flats in Vienna.
9.55 A Word in Your Era.
10.25 Film: In the Heat of the Night. Bigoted sheriff Rod Steiger clashes with detective Sidney Poitier in a murder investigation. (1967).
12.15 Close.

LWT

6.00 TV-am. 9.25 The Disney Club. 10.15 Link. 10.30 A Special Service for Remembrance Day. 11.30 We Shall Overcome. 12.00 The Human Factor. 12.30 pm LWT News Weekend; LWT Weather.

1.00 ITN News; Weather.
1.10 Special Inquiry. The DSS: Who benefits? In the last 50 years, social security spending has rocketed. Is the Department itself responsible for wasting vast sums of money?; The Day.
2.00 Bullseye. Jim Bowen asks the questions as three teams test their darts and general knowledge skills for a chance to play Bully's Prize Board.
2.30 The London Match. Ian St John introduces live coverage of Newcastle United v Swindon Town.
5.05 Baywatch. The death of a rookie lifeguard in treacherous waters causes Eddie to have hallucinations. Californian beach drama, starring Michael Hasselhoff.
6.00 Animal Country. Sarah Kennedy and Desmond Morris are joined by David Attenborough to take a rare glimpse at an otter being returned to the wild.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry Secombe travels to the desert at El Alamein in Egypt to mark the 50th anniversary of the famous battle, and meets the widow of his own World War Two commanding officer. Guests include former BBC war correspondent Godfrey Talbot and Col Mike Jeffrey, chairman of the 8th Army Veterans Association.
7.15 Second Thoughts.
7.45 The Ruth Rendell Mysteries. Part two of An Unwanted Woman.
8.45 London's Burning.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Spitting Image.
10.35 The South Bank Show. Profiling actor and singer George Formby, who won his OBE entertaining troops during World War 2.
11.35 Cue the Music. Camel, live in concert at the Hammersmith Odeon.
12.30 Derrick; ITN News Headlines.
1.40 The ITV Chart Show followed by Get Stuffed and ITN News Headlines.
2.45 Night Heat, followed by Get Stuffed.
3.45 Pick of the Week.
4.15 Out of Limits.
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 If Wishes Were Horses. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Classic Cars.

1.15 Football Italia. Live coverage of Inter versus Sampdoria.
3.30 Film: Red Mountain. Western with Alan Ladd, Lizabeth Scott and Jeff Corey (1951).
5.05 Four-Mations: Sound, News.
5.15 Greed and Glory. The last programme in the series examines the foreign exchange dealers who are able to disrupt the economy. What drives them and how much does the country need them? Plus, how long will London maintain its financial status now the City's insurance industry is in crisis?
6.00 The Miraculous Mellops.
6.30 The Cosby Show.
7.00 Equinox: Rebuilding Berlin. The former East Berlin's attempts to update its technology after reunification. The destruction of the Berlin Wall uncovered many differences between the East and West, particularly in its technical systems. Equinox examines why decades of separation have created such problems.
8.00 The Royal Collection. The monarch has always been Commander-in-Chief of the British Armed Forces. The behind-the-royal-scenes arts documentary recalls the military and diplomatic roles of successive generations of kings and queens, and the battles fought in their country's name.
8.30 American Football. Featuring the Dallas Cowboys and the Detroit Lions.
10.00 Film: I Was Monty's Double. ME Clifton James reprises his real-life role in this account of the World War Two plot to fool the Germans by enlisting an actor to impersonate Field Marshal Montgomery. With John Mills and Cecil Parker (1958).
11.55 Magic and Loss. Ex-Velvet Underground star Lou Reed introduces this musical account of the emotionally draining experience of watching close friends die.
1.05 Film: Dona Herlinda and Her Son. Mexican satire in which a young homosexual is forced into marriage by his mother. Part of the Latin American Cinema season (1986).
2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 2.00 Get Wet. 2.30 Candid Camera Classics. 2.50 The Black Hole. (1979) 4.35 Baywatch. 5.30 Bullseye. 6.35 Anglia News. 11.35 The Young Riders.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Carry on Regardless. (1961) 3.35 Highway to Heaven. 4.30 Animal Country. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News. 11.35 Prisoner: Cell Block H.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 Memories of 1970-1991. 2.45 The Central Match – Live. 6.00 Bullseye. 6.35 Central News 11.35 Science Fiction.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.05 The New Adventures of Black Beauty. 2.30 Will Penny. (1967) 4.30 Bullseye. 6.35 Channel News.

GRAMPIAN:
12.30 Eikon. 12.55 Grampian Headlines. 2.00 The Nature of Things. 3.00 Great Planes. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Grampian Headlines 11.35 Prisoner: Cell Block H.

GRANADA:
12.20 Short Story Theatre. 12.55 Granada News 2.00 Granada Action with the A Team. 2.30 Cartoon. 2.45 McCloud. 4.30 House Style. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.

HTV:
12.30 The Nature of Things. 12.55 HTV News. 2.00 WCW Worldwide Wrestling. 2.45 The West Match – Live. 5.30 Bullseye. 6.35 HTV News.

SCOTTISH:
12.30 Eikon. 12.55 Scotland Today. 2.00 Glen Michael's Cartoon Cavalcade. 2.30 Carry on Nurse. (1959) 4.05 Baywatch. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Scotland Today 11.35 First Reels.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 2.00 Fisheries News. 2.15 Gus Introduces Frootie Tooties. 2.25 Highway to Heaven. 3.20 Carry on Cruising. (1962) 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 11.35 Prisoner: Cell Block H.

TVS:
12.30 TVS News. 12.35 Agenda. 2.00 The New Adventures of Black Beauty. 2.30 Will Penny. (1967) 4.30 Bullseye. 6.35 TVS News.

TYNE TEES:
12.25 Earthmovers. 12.55 Tyne Tees News. 2.00 Ark on the Move. 2.30 The Tyne Tees Match. 5.00 Animal Country. 5.30 Bullseye. 6.00 Pieces of Parkin. 6.35 Tyne Tees News. 11.35 The Day the Earth Moved. (1974)

ULSTER:
12.30 Gardening Time. 12.55 Ulster Newstime 2.00 Farming Ulster. 2.30 Film: The Camerons (1974) 3.35 Baywatch. 4.30 Bullseye. 5.00 Remember Us. 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster News 11.35 Daniel O'Donnell.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Scott of the Antarctic. (1948) 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 The Week Ahead. 11.35 The Day the Earth Moved.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 Beyond Our Ken. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Brill Cream. 5.00 Cinema 2. 5.30 Screenplay. 6.00 Bob Holness Requests the Pleasure. 7.00 Back Numbers. 7.30 Easy Does It. 8.00 The Royal British Legion Festival of Remembrance. 9.10 The Musical World of Marilyn Hill Smith. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Leading from the Front.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Bath International Festival.
2.45 Gershwin.
3.00 Vienna: The Philharmonic Years 1842-1992.
5.00 Jazz Record Requests.
5.45 Opera News.
6.30 The Music Master of Hamburg.
6.55 Porgy and Bess.
11.05 Possessing the Secret of Joy.
11.30 Camden Jazz Festival.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Work Talk.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Open Mind.
10.45 Short History of the Cold Shower.
11.00 Mirrored in Music.
11.30 Fourth Column Revisited.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: World News.
6.00 News About Britain.
6.15 The World Today.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary. 10.01 Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show: News Summary. 1.01 Play of the Week: Dealing With Clair. 2.00 Newsdesk; The Evangelicals. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 Hail The Sky. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre Leon.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Nick Barraclough's New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World.
1.20 BBC Welsh SO.
2.55 Jean-Philippe Collard.
4.15 Late Beethoven.
5.00 St Magnus Festival 1992.
6.30 Tabea Zimmermann and Siegfried Mauser.
7.30 Sunday Play.
9.55 BBC Philharmonic.
11.15 Music in Our Time.
12.15 Josue.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Rolf Harris and Felicity Dahl.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 The Archers.
10.30 Service of Remembrance from the Cenotaph.
11.45 The Radio Padre.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Kennedy Country.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 The Village.
6.30 Europhile.
7.00 The Best of Fear on Four.
7.30 Bookshelf.
8.00 Opinion.
8.30 Enterprise '92 Awards.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 All with Smiling Faces.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 The Haunting of Sophie Bartholomew.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.40 Open Forum.
2.00 Room 101.
2.30 Sunday Sport.
5.30 Ride On.
6.00 Writers' Weekly.
6.30 Education Matters.
7.00 Sports Bulletin.
7.15 How We Lived Then.
7.30 Italianissimo.
8.00 Restart French.
8.30 Deutsch Express.
9.00 Dragnet.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: We All Have Mixed Blood. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 Service of Remembrance. 11.20 Commonwealth War Graves Talk. 11.25 News. BBC English. 11.45 News and British Press Review in German. 12.01 Play of the Week: Dealing With Clair. 1.00 Newshour. 2.00 News Summary. 2.01 A Sight Worth Seeing. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; Frontiers: A Good Land and It's Big. 1.45 Jerome Kern Among Friends. 2.00 Newsdesk. 2.30 Composer Of The Month: Claude Debussy.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performances.
8.00 Classic FM Concert.
10.00 Sunday Night Out.
11.00 Contemporary Classics.
12.00 Andre Leon
2.00 Classic Romance
3.00 Andre Leon.

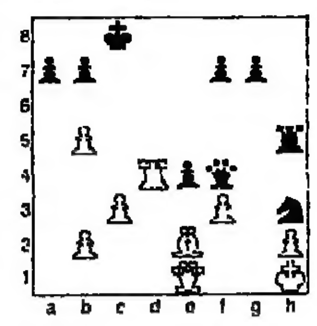
CHESS

BOBBY Fischer won his marathon rematch against Boris Spassky, and a £2m prize, on Thursday in Belgrade. Neither the score of 10-5, with 15 draws, nor the uneven play establish Fischer as a credible opponent for Gary Kasparov. Fischer played a handful of brilliant games, but there were plenty of mistakes and poor technique

This week's game is a rare gem amid increasing mediocrity (Fischer, White; Spassky, Black; 25th game 1992).

1 e4 c5 2 Nc3 Nc6 3 Nge2 d6 4 d4 cxd4 5 Nxd4 e6 6 Be3 Nf6 7 Qd2 Be7 8 f3 a6 9 0-0-0 0-0 10 g4 Nxd4 11 Bxd4 b5 12 g5 Nd7 13 h4 b4 14 Na4 Bb7? 15 Nb6! Rb8 16 Nxd7 Qxd7 17 Kb1 Qc7 18 Bd3 Rc8 19 h5 e5 20 Be3 Be6 21 Rdg1 a5 22 g6! Bf6 23 gxh7+ Kh8 24 Bg5 Qe7 25 Rg3 Bxg5 26 Rxg5 Qf6 27 Rhg1 Qxf3 28 Rxg7 Qf6 29 h6 a4 30 b3 axb3 31 axb3 Rfd8 32 Qg2 Rf8 33 Rg8+ Kxh7 34 Rg7+ Kh8 35 h7 Resigns White will mate by 36 Rg8+ Kxh7 37 Rh1+ Qh6 38 Qg7.

CHESS No 948



A Collinson v R Djurhuus, Smith & Williamson Masters, Guildford 1992. Black (to move) is about to lose a pawn to Rxe4. What should he play?
Solution Page XXII

Leonard Barden

BRIDGE

HUGH Kelsey's *Simple Squeezes* has been republished at £6.99. His clear explanations will show players who think squeeze play smacks of the occult that they can learn it. Here is the Jettison Squeeze:

N
♠ Q 6 3
♥ A K Q
♦ J 10 8 4 3
♣ Q J

W
♠ 7 2
♥ 9 8 6 2
♦ A K Q 7 5
♣ A 7

E
♠ 9 8 5
♥ J 5
♦ 9 6 2
♣ 10 9 6 5 2

S
♠ A K J 10 4
♥ 10 7 4 3
♦
♣ K 8 4 3

West deals with neither side vulnerable, and opens with one diamond, North over-calls with one no trump, and South forces with three spades. North rebids four hearts. South bids five diamonds, North five hearts, and South goes to six spades.

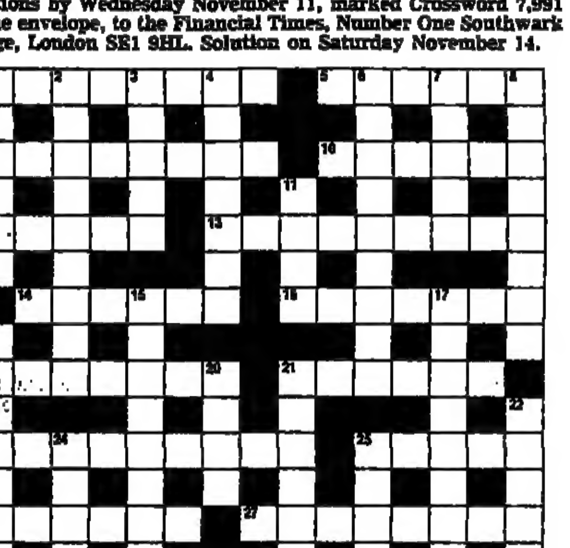
West leads diamond king. What then? You ruff, play a club to West's ace, and the diamond ace forces another trump from you. You cross to the heart king, and cash the ace, East dropping the knave. To cash another heart would be dangerous, so you cash the club queen, and draw the trumps in three rounds. West holds nine and eight of hearts and diamond queen, dummy holds heart queen, and knave, 10 of diamonds. You hold 10, seven of hearts and club king. The heart queen blocks your suit, but a jettison squeeze will save you. Play the club king: if West throws his diamond queen, you discard a diamond from dummy, cross to heart queen, and cash the other diamond for contract; if he throws a heart, you throw dummy's queen, and cash 10 and seven.

E P C Cotter

CROSSWORD

No. 7,991 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday November 11, marked Crossword 7,991 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 14.



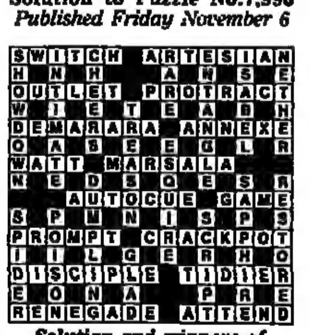
Name...

Address...

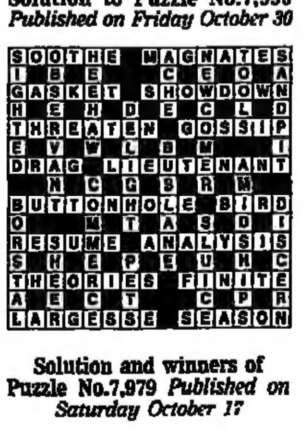
ACROSS
1 Blacked out by cuts in energy (twice) before daybreak (8)
5 Introduced interesting quality into epic trip in South Dakota (6)
9 For joint action take worm, wriggling (8)
10 Appropriate to ignore Polonius? (6)
12 The state of an African runner! (5)
13 Reading between the lines (4-5)
14 Cargo chucked out of planes before morning .... (6)
16 .... inclined plane to weather storm (7)
19 Cannot rest in peace – it is the witch's spell! (7)
21 This Great Dane, we hear, flopped on the beach (6)
23 Having settled value, ask too much (9)
25 Waterproof coat for an eavesdropping sort, say? (5)
26 One of three soldiers engaged in 9? (6)
27 Obsessed with subject of monorail (3-5)
28 What one hug turns out to be for a prude? (6)
29 Note time that goes into needlework (8)

DOWN
1 Navigational instrument fails to open but is still working (6)
2 Feel anger about chlorophyll (4-5)
3 Muscle control? (5)
4 One hears "A Murder Has Been Arranged" (7)
6 His is the local course (9)
7 Blimey! half-full, this department of Greece.) (5)
8 Rheumily naive? (4-4)
11 Jetty ripe for demolition (4)
15 Powerful sticking-plaster (9)
17 Second mowing ordered at the farm (9)
18 Firm new deal supports Bill in honour (8)
20 Suffering of one held by security device (4)
21 More respectable, daily (7)
22 How much money is made by a mail-boat? (6)
24 Muse trapped in a corner at Olympus (5)
25 The lawyer's little darling, it follows (5)

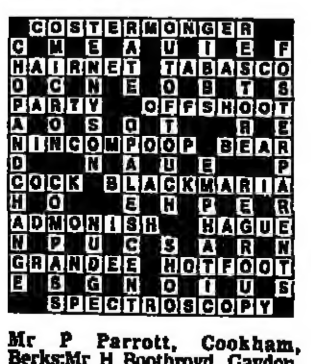
Solution to Puzzle No.7,996
Published Friday November 6



Solution to Puzzle No.7,990
Published on Friday October 30



Solution and winners of Puzzle No.7,985 Published Saturday October 24



Solution and winners of Puzzle No.7,979 Published on Saturday October 17

Mr P Parrott, Cookham, Berks;Mr H Boothroyd, Gaydon, Warwick; Dr A Kemble, Carlton Bay, Cornwall; Mrs J Lewis, Collingham, Berwicks; Mr B Pace, Dorchester, Dorset; Mr G Thomas, Wokingham, Berks.

Conservatives sell their birthright

***Dominic Lawson** says that in the week's key vote the government betrayed property rights*

IN THIS week's most important vote in the House of Commons the Conservative Party, with a few notable exceptions, betrayed one of its few remaining principles. I am referring of course to the passing, on Tuesday, of the second reading of the Housing and Urban Development bill.

The bill proposes that those holding the lease of any flat in the land may compulsorily acquire the freehold, at a knock-down price, regardless of both the wishes of the freeholders and any previous contract agreed between leaseholder and freeholder.

The measure is a sweeping extension of the 1967 Leasehold Reform Act, a proposal of the socialist Government of Harold Wilson. That law, however, enabled only leaseholders of entire houses to expropriate their freeholders. Even then, a number of Conservative Members of Parliament did not vote against the measure. One of the leading Tories of the time, Sir Edward Boyle, asked by an irate freeholder why he did not oppose the Bill, replied in a letter of breathtaking cynicism: "However much you and I may talk about 'robbing the rich to pay for the poor', it really is not going to help if those like myself, with narrow margins in seats whose social complexion is rapidly changing, fail to secure re-election at the next election."

Present day Tories do not even have Sir Edward's tawdry excuse: the landlord issue is not nearly as politically explosive as it was in the 1960s. The pressure for change has come largely from MPs whose constituencies cover the great central London Estates of Earl Cadogan and the Duke of Westminster. Perhaps significantly, neither of these gentlemen has the vote.

Under the terms of the bill these and other freeholders can be compulsorily bought out for what is described as a "fair market price": a sum equivalent to 50 per cent of the estimated free market value of combining the freehold and leasehold on any given property.

According even to a Tory MP who voted for the bill (faithfully reported by Hansard) "It appears in a fashion which is not related to merit or to reason, to take property assets from one party and to give them to another. It is quite clear that there is a windfall element of profit in this process of transformation. All that is being offered to the freeholder is 50 per cent of the marriage value, whereas in the commercial market it would be 80 per cent. There would be a claim for injurious affection for the rest of his estate . . ."

This MP, who, as I say, cast his vote for the expropriating measure, also pointed out that the denuded freeholders were not just the likes of Cadogan and Westminster, but also the Church Commissioners and the bulk of the biggest pension funds and charities.

Another Conservative MP, Sir Michael Jopling, interrupted the sponsoring Minister Michael Howard thus: "Is the Secretary of State aware that many of his honourable friends are astonished that the present Government, of all governments, should be seeking to force people to sell their property and have freely made agreements broken by the will of the House . . . the concept of a 'fair market price' . . . will be nothing of the sort and gives great offence to many of us." Alas, Sir Michael Jopling too found it inconvenient to stick around to cast his vote against the measure.

With only (so far as I could tell) one Tory prepared to vote against the government, the bill passed its second reading with a majority of almost 70.

It is easy to see how this bill fits in with the Thatcherite interpretation of a "property owning democracy" – although Disraeli, who originated the term, would have been horrified. It is clearly designed to ensure that the middle classes – or at least those among them affluent enough to buy leaseholds in Mayfair, Belgravia and Chelsea – have more and more property assets to pass on to their children: tomorrow's electorate.

The freeholders will doubtless have entertained the hope that they could have passed on the property they own to *their* children, just as they inherited it from their fathers. Too bad for them, it seems.

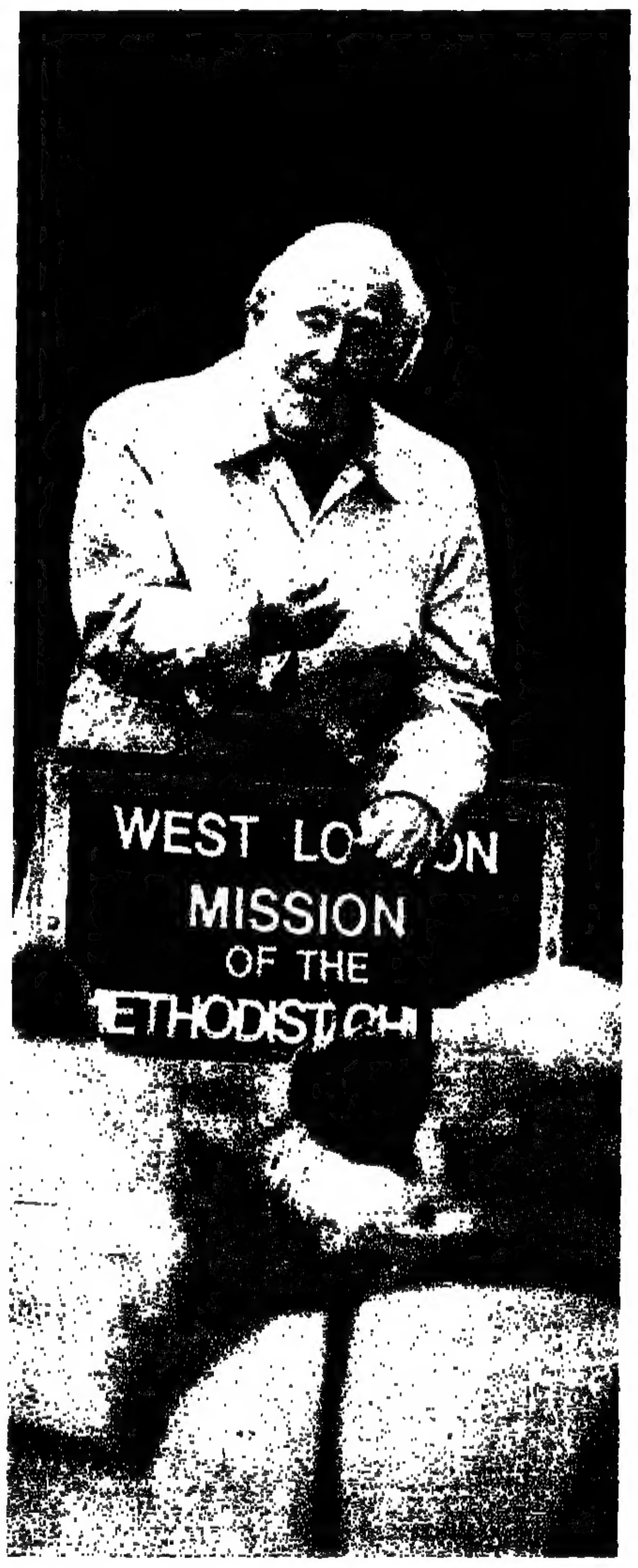
During the debate ministers argued that it was legitimate to break a binding commercial contract, such as that which exists between freeholder and leaseholder, if it was in the general public interest. An interesting argument, and one which will doubtless be used by a future Labour government if and when it proposes terms for the state buyback of shares in privatised utilities.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

The Reverend Soapbox

Lord Soper, Britain's best-known preacher, is 90 next year. He explains why he still speaks every week at Hyde Park and Tower Hill



Lydia van der Meer

"KNOCK it off, Soapy!", yelled a pugnacious little man in front of me. "Get back to the nursing home where you belong, you old windbag!"

Lord Soper seemed not to hear. He was leaning forward on his step-ladder to dispute with someone on the far side of the small crowd. He looked very frail and his voice was weak against the wind.

The Rev. Donald Soper, Methodist minister, 90 next January, may not be able to dish it out quite as he used to – but he can certainly take it. With occasional absences, he has spoken at Tower Hill in London every Wednesday since 1926 and at Speakers' Corner, Hyde Park, every Sunday since the the late 1930s.

Why on earth does he go on doing it?

I went to the run-down offices of the West London Methodist Mission at a church not far from Oxford Street. Britain's best-known preacher was sunk in an old armchair. "Do you mind if I don't get up?" he said as he held out a hand.

If he seems vulnerable in the open air, Soper is imposingly venerable indoors. The clarity and frankness of his conversation testifies to the rigours of nearly 6,000 open-air confrontations – what he calls "the fellowship of controversy".

"You can't get away with it in the open air as you can in church," he said. "And don't I know it! I remember one little docker. He used to sit on the wall beside me at Tower Hill (I stood on the wall for 30 years) and when I'd been particularly obtuse – I can hear him now – he would say to the crowd in an admonitory phrase: 'Now is that clear?' And of course I knew damn well it wasn't."

He regrets the loss of his docker audience at the Tower ("very intelligent and very vociferous") and the fact that he can no longer get an echo from across the river Thames.

Speakers' Corner was always more raucous and has become even rougher with the appearance of "professional" hecklers who go from pitch to pitch in the hope of creating a fracas. There was one in particular, he said, whose language about women in the crowd was downright pornographic.

Why don't the police remove him?

"I have never called in the police and I never will. I hate to say this: but I think I can see most of 'em off. You must be careful not to give the impression that I'm cocky about it. But it's a fairly low-grade intelligence you're dealing with and if you can keep them to what they are saying you can generally get the better of them.

"One thing has to be admitted. I used to imagine it was the coruscating quality of my mind. Now I've discovered when my voice is not nearly as good as it used to be . . ."

Are you getting too weak to take them on?

"No. I'm physically disabled in some respects: for instance my legs are very bad. But I think I've got enough sense to realise that you should give up rather than dry up. You want to go out with a bang, not a whimper."

What puzzles, I said, is why you should go on doing it.

"I am a Methodist preacher and I suppose in some respects I'm peculiar in that I never wanted to do anything else. I never had any doubts – impudence, of course, impudence – but no doubts that I was going to offer myself to the church to be a preacher. Therefore you can say I'm an addict. Or you can say I have a calling. But I'm committed. And that's not a credit to me. It's just a condition."

After a degree from Cambridge, a PhD from London and ordination, Donald Soper was pitched into the working-class world of London's Old Kent Road. He found himself answering questions that no one was asking. It was the same at Tower Hill.

"The first question I was asked was about Karl Marx, and I'd never heard of him. I told them I didn't want to give them a hasty answer," he chuckled.

"I have a continuing conviction that a great many in contemporary society are not evangelised in any sense because they don't go to the places where the gospel is preached. And when they do go – I don't want to be unkind – they are not necessarily brought into touch with the kingdom of God."

I'm surprised you don't feel after all these years that what you do makes not a ha'porth of difference.

"That, of course, is a temptation, particularly when you've had a bad time in the open air. You think, what the Hell's the good of it?

"I don't want to sound pious or prudish but my responsibility is not so much to count scalps as to proclaim something which I believe it is my duty and my calling to proclaim. Therefore I am not hagridden by the question of results."

Wouldn't you say people today are more godless, more greedy?

"I think they are."

So you should be in a state of some despair.

"I could easily fall for that feeling. I quite often find it very difficult to keep my pecker up. On the other hand I have evidence of the help I have been to people who have not at the time expressed any thanks but, meeting them casually, sometimes years afterwards, have said they have been influenced and altered in their conviction."

It felt wrong to be provoking an old man. Then I reflected that Lord Soper has faced worse – much worse.

He expatiated on war, how armed violence had infected our lives and how violence had been allied to sex. ("I can speak with authority on sex for I'm nearly 90").

Sex had become such a dominant ingredient of our diet that our stomachs could not take it. "In violence and sex we are in peril of an almost terminal condition."

Why did we get into this condition?

"The Christian church always had an inkling that original sin isn't a sufficient explanation, that total depravity is much nearer the mark. This may sound a little pompous and sentimental but I think we're going to Hell because we're not saying our prayers."

Why did we stop saying our prayers?

"Because the invitations of a modern society, whether they are fulfilled or not – you've only to think of the advertisements – create a different atmosphere. The peasant in an Indian village has very little to hope for, very little to encourage him to greed or to the prospects of advancement.

"We are in a world where the invitation to pleasure or to happiness is very largely separated from the responsibilities that go with that quest for happiness. That is to say, pleasure, ultimately, is self-defeating.

"You can be a good capitalist and practise self-interest, pride, but you can't be a good citizen – a socialist, as I would use the word – unless you have a sense of moral responsibility. We are clever enough, almost, for anything now. But we are certainly not good enough."

Since you've mentioned socialism, I said, let me pursue a defeatist line. You stand for socialism and pacifism and both have taken a severe hammering.

"You say 'hammering'. It depends who's doing the hammering, how he's wielding the hammer. You don't discredit socialism by recognising the collapse of Communism. What you do, in my judgment, is realise you've taken the word socialism too easily.

"The socialism I believe is that which emerges from the teaching of Jesus, particularly from the sermon on the Mount. I never believed in socialism as state capitalism. I don't believe in the nonsense that we are all equal and there is some divine quality of the proletariat and so on."

After discoursing on the ethics of capitalism and socialism Soper concluded:

"I have no doubt that Christianity has not succeeded. But I am more than ever convinced that we're in a hell of a mess now and that things are getting worse. And they are getting worse because we are refusing to consider the alternative to the kind of system which some people have profited by."

He accepted my labelling him an anachronism, adding that it was a characteristic of Christianity.

"I'm by no means as lonely when I think of the saints as I am when I think of the hecklers."

He described the physical and psychological handicaps of age. "When you're looking forward there's always the inference that you can put it right if it's wrong. When you get to my age, you look back and you realise that things which were open-ended are now shut. And it's not a very pleasant experience."

So that's another temptation to despair?

"It is, yes. You refer to this quite a lot. I would be insincere if I said that I'm not sometimes disappointed and rather bewildered that things haven't gone better. But I still have this quite dominating background of obedience. I find it is health-giving not worrying the whole time as to how you are getting on."

Would you confess that your appearances at Tower Hill and Hyde Park have become a matter of pride?

"Of course. Let's be quite clear about that. I believe I ought to be there, however badly I do. It is a matter of self-interest. I am serving a part of myself which probably I ought to be more humble about."

Which bit of you?

"Well, I'm fairly good at it. I've been a long time at it. And I've got into the habit of doing it. And though I would indignantly repudiate the idea that those are sufficient motives I've never been silly enough to say that I'm not a mixture of motives."

So there is a certain vanity attached to it?

"Y . . . es. Vanity, if you like. Yes. You're putting me in the confession box and I will take your priestly office and accept it straight away that I'm a mixture of good and bad, of pride and humility. But I find the resolution of this complexity is the question of obedience.

"That is to say, I believe I must do it."

Take me to your hologram

Michael Thompson-Noel

EVERY time I visit the *FT's* London office I cross from the north bank of the River Thames to the south bank: from civilisation and well-being to the stinks and stews of Southwark; from probity and moral order to chaos and licentiousness; from dancing and feasting and women in glass slippers to dirt, danger, darkness and depravity.

I cross at Southwark Bridge, and always glance down – horrified at the rubbish in the Thames and at the colour of the river. Filth-coloured. Sludge-coloured. The colour of despair. There are times when the Thames seems to glow with an apocalyptic sheen. I am sure it is radio-active.

Imagine my amazement, then, every time I read an article about efforts to re-establish the Thames as a river fit for salmon. It is a story in which I have an ancestral professional interest, for one black evening in the 1970s I was despatched by the News desk to a hastily-called press conference in Fleet Street at which the Thames river authorities displayed – wrapped in tin-foil and mildly refrigerated – the slim, still corpse of the first salmon found in the Thames for many a long year.

As the corpse was unveiled, the *Telegraph* reporter, a mature and well-topped woman, recoiled and almost wept. I wrote 400 words of story; put them over to copy; was hailed by the News desk for all-round speed and dash; replaced the receiver gently; checked my hair in a mirror; adopted an innocent look; sidled across to the *Telegraph*; asked sweetly if she was better, and offered to victual and comfort her. No limits bound her gratitude.

HAWKS & HANDSAWS

Amidst all the shenanigans, I had not failed to detect that the purpose of the press conference, the point of parading this salmon, was to foster the impression that the Thames was on the road to recovery. It was no longer a notorious sewer or a conduit for industrial waste but a gentler, fairer river than at any time since the mid-19th century.

No doubt it *is* a gentler, fairer river than in 1850, say, when the sewage of 2m Londoners was emptied straight into the river and the famed Thames salmon was extinct. (In 1822, the *Art of Angling* had claimed that Thames salmon "surpassed all others in flavour" and rated the Thames England's principal salmon river).

And no doubt the efforts by the authorities and the Thames Salmon Trust to re-establish the Thames salmon run are admirable for their ingenuity and single-mindedness in the face of maddening odds. But what a vexing and costly business. What an extravagant piece of PR, for the Thames still looks like trash, still looks radio-active, however many demented, returning fish can be enticed to make the fatal run from the estuary to Teddington or beyond.

The recorded number of salmon passing through the Thames Salmon Trust's fish trap at Molesey this summer was 261, indicating, says the trust, that the number that returned from the open sea to the river was about 500. Its target is 1,000 returnees. But the effort is immense. This year, more than 200,000 parr and smolts will have been tipped into the Thames and its tributaries. The cost of fish-passes on weirs is £40,000 or more. Eleven have been installed; 11 more are needed. It is all amazingly silly – PR at its finest, which means PR at its worst.

But I believe I have a solution: a run of mechanical salmon, a shoal of clockwork fish. I am sure Japan would make them for a surprisingly modest sum. I envisage about 400, some of 90lb, 20lb greater than the one landed from the Thames in April 1789, which had a girth of 36in and was sold for a shilling a pound. Three times a day, every day of the year, my clockwork run of salmon would zip gleamingly up-river, leaping as they went – and then zip down again.

But why stop there? In the era that lies before us, the age of virtual reality, we won't need mechanical salmon; we will do it all with lasers. Britain won't have nuclear submarines – just grey and ghostly illusions diving beneath the waves. Above all, we won't have Laurel and Hardy to wreck and crucify us. Our leaders will be holograms, and all the better for it.